



David Sanders, Ph.D.  
Director

## County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICE

425 Shatto Place, Los Angeles, California 90020  
(213) 351-5602

June 29, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**Board of Supervisors**

GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**REQUEST TO ACCEPT TWO GRANTS FROM THE UNITED STATES  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) TO FUND  
THE HOUSING PROGRAM FOR HOMELESS YOUNG PEOPLE  
(ALL DISTRICTS) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Accept two HUD Supportive Housing Program (SHP) Renewal Grants in the total amount of \$723,424 for the period April 1, 2003 through March 31, 2005; and authorize the Director of the Department of Children and Family Services (DCFS), or the Director's designee, to sign the necessary forms to execute HUD Agreement CA 16B200021 (Attachment 1), and HUD Agreement CA 16B200016 (Attachment 2). Ten HUD SHP grants are utilized to partially fund the Transitional Housing Program (THP); HUD Agreements II and VI are currently available for renewal. The HUD funding and the required match for these two agreements are included in the FY 2003-04 Adopted Budget and the FY 2004-05 Proposed County Budget. The match requirement is being met using Independent Living Program (ILP) funding, United Friends of the Children (UFC) funding and net County cost.
2. Delegate authority to the Director of DCFS, or the Director's designee, to accept the remaining eight (8) HUD SHP Renewal Grants upon receipt from HUD provided sufficient ILP funding or net County cost is available to meet the HUD match requirement and prior County Counsel and Chief Administrative Office (CAO) approval is obtained; and instruct the Director to notify your Board and the CAO in writing within ten workdays of executing the grant agreements.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

DCFS receives ten (10) HUD SHP grants that partially fund the Transitional Housing Program (THP). These ten grants provide partial funding for 244 THP beds with supportive services which include temporary housing, employment training, job placement assistance, assistance in securing permanent housing, child care and related services to assist youth with making a successful transition from foster care to independent living.

The funding periods for the ten grants vary; therefore, renewal of all the grants is not simultaneous. Renewal of Agreements II and VI is requested at this time. Agreement II is being renewed for the period April 1, 2003 through March 31, 2005. Agreement VI is being renewed for the period July 1, 2003 through June 30, 2005. These two grants enable DCFS to provide transitional housing and supportive services over a two-year period to approximately 70 emancipated foster youth, seven of whom have children. These emancipated youth do not have a family support structure sufficient to help them successfully transition from foster care to life as independent adults.

The delegated authority requested in recommended action #2 will enable DCFS to renew the remaining eight grants upon receipt from HUD for renewal and continue providing THP beds and supportive services through those eight grants.

### **Implementation of Strategic Plan Goals**

The recommended actions are consistent with the principles of the Countywide Strategic Plan Goal #5 (Children and Families' Well-Being). The recommended actions will improve the economic well-being of children and families in Los Angeles County.

### **FISCAL IMPACT/FINANCING**

The two grants to be renewed at this time total \$723,424 and are used to partially fund the THP. The total annual cost of the THP is \$4,634,763. The cost of the THP is financed using \$2,315,277 in funding from the ten HUD SHP grants, and the remaining \$2,319,486 is financed using ILP funding and net County cost. The funding and net County cost are included in the FY 2003-04 Adopted Budget and FY 2004-05 Proposed County Budget.

HUD SHP grants require grant recipients to provide a minimum match of 25% of the total operating costs as well as a 20% match of the supportive services costs, or at a minimum, 20% of the grant.

The total amount of HUD SHP grant funding was reduced in FY 02-03. In order to maintain the THP at the service level prior to these reductions, DCFS utilizes ILP funding and net County cost above the minimum match requirement.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

DCFS currently manages ten HUD/SHP grants (HUD grant numbers II, IV through XII). The two grants currently being renewed are HUD Agreements II and VI (HUD # CA16B200021 and CA 16B200016, respectively).

DCFS as grantee for the two HUD grants is subject to HUD program administration and monitoring.

Both of these Agreements are retroactive; however, these Agreements are exempt from the Board's timely filing policy since the County is accepting federal funding. The delay in executing these grants was the result of an "Arms Length" issue that was under review by HUD Legal Counsel. These grant notices were not received by DCFS until December 29, 2003, after HUD determined that there was sufficient "arms length" between the Community Development Commission (CDC) and DCFS to allow THP to rent properties owned by CDC and leased to non-profit organizations in the County. From February 17, 2004 to the date of filing of this Board Letter, DCFS worked to resolve legal and fiscal issues that needed to be settled before the documents could be finalized.

The HUD Agreement terms permit DCFS to accrue expenses and claim for reimbursement retroactively to the beginning date of the Agreement. In the absence of executed Agreements, the department avoided a break in provision of THP services by financing the cost of the program using ILP funding and net County cost.

These two grant Agreements were drafted by HUD; consequently, they do not contain the provisions which the County typically requires in contracts. Additionally, the two grant Agreements provide that the County of Los Angeles will indemnify HUD against liability or expenses arising from or connected with services performed under these Agreements.

Two grant management statements, one for each of the two two-year grants, are attached to this Board Letter (Attachments 3 and 4). This Board Letter has been reviewed by County Counsel and approved by the CAO.

The Honorable Board of Supervisors  
June 29, 2004  
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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

If DCFS did not accept these grant funds, the THP would not be able to continue to serve approximately 70 former foster youth in the THP now receiving services under these grants.

**CONCLUSION**

Upon approval of this request, please instruct the Executive Officer/Clerk of the Board of Supervisors to send an adopted copy of this Board Letter to:

1. Department of Children and Family Services  
Attention: Walter Chan, Contract Manager  
425 Shatto Place, Ste. 200  
Los Angeles, CA 90020
2. Department of Children and Family Services  
Attention: Gene Gilden, Division Chief  
Emancipation Services  
3530 Wilshire Blvd., Ste. 400  
Los Angeles, CA 90010
3. Office of the County Counsel  
Children's Services Division  
Attention: Rosemarie Belda, Principal Deputy  
County Counsel  
201 Centre Plaza Drive, Ste. 1  
Monterey Park, CA 91754

Respectfully submitted,



DAVID SANDERS, Ph.D, Director  
Department of Children and Family Services

DS:PF:  
GG:cmw

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June 29, 2004  
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Attachments (4)

c: David E. Janssen  
Raymond G. Fortner Jr.

Attachment 1



U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Los Angeles Field Office, Region IX  
611 West 6<sup>th</sup> Street, Suite 1000 - 9DD  
Los Angeles, California 90017-3101

DEC 24 2003  
DEC 24 2003

David Sanders, PhD, Director  
Los Angeles County-Dept. of Children and Family Services  
3530 Wilshire Blvd., 4th Flr  
Los Angeles, CA 90010

Dear Dr. Sanders:

SUBJECT: Transmittal of Grant Agreement  
Supportive Housing Program (SHP)  
Project Number: CA16B200021  
PIN: CA7020

Congratulations on the final selection of Transitional Housing for Young People-Countywide for renewal grant funding under the Supportive Housing Program. All conditions attached to your award for this project have been met. This 2 year award will continue to support your program previously funded by HUD as CA16B000081, further contributing to our national effort to end homelessness.

Upon execution of the Renewal Grant Agreement by you and HUD, we will obligate the total funds for this project in the amount of \$546,089, allocated as follows:

- |                                  |           |
|----------------------------------|-----------|
| 1. Grant for operating           | \$219,592 |
| 2. Grant for supportive services | \$232,770 |
| 3. Grant for leasing             | \$67,726  |
| 4. Grant for administration      | \$26,001  |

Enclosed are three copies of the Renewal Grant Agreement that constitutes the agreement between you and HUD. Please sign all three and return two of them to this office within two weeks of receipt of this letter. Keep one set for your records. Your new Voice Response Number for your renewal grant will be generated and sent to you under separate cover.

A Direct Deposit Form is also enclosed. You do not need to fill out a Direct Deposit Form unless you are going to designate a different bank from that identified for your most recent grant. If you are going to change banks, please complete Section 1 and have your financial institution complete Section 3 and return it and a voided check to the address listed in Section 2. Additional instructions are included in the enclosed Grantee Financial Instructions.

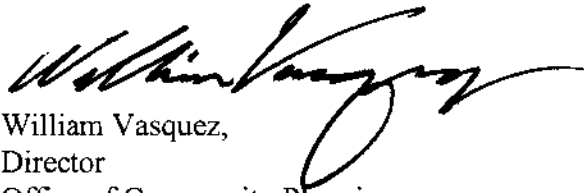
DEC 29 2003

Finally, also enclosed is a SNAPs Payment Voucher (HUD-27053A). These vouchers are no longer prenumbered, so you may duplicate this voucher for each use.

No funds can be disbursed to you until the Renewal Grant Agreement is fully executed.

If you have any questions, please contact Juanita Gutierrez, Community Planning and Development Representative at (213) 894-8000 extension 3331. We look forward to working with you toward the successful continuation of your Supportive Housing Program project.

Very sincerely yours,

A handwritten signature in black ink, appearing to read 'William Vasquez', with a large, stylized flourish extending from the end of the name.

William Vasquez,  
Director  
Office of Community Planning  
and Development

Enclosures

### Attachment 3

## 2002 SUPPORTIVE HOUSING PROGRAM

### RENEWAL GRANT AGREEMENT

This Grant Agreement is made by and between the United States Department of Housing and Urban Development (HUD) and Los Angeles County-Dept. of Children and Family Services, the Recipient, whose Tax ID number is 95-6000927 for Project Number CA16B200021, PIN CA7020, to be located at: 3530 Wilshire Blvd., 4<sup>th</sup> floor, Los Angeles, CA 90010.

The assistance which is the subject of this Grant Agreement is authorized by the McKinney-Vento Homeless Assistance Act.(hereafter "the Act") The term "grant" or "grant funds" means the assistance provided under this Agreement. This grant agreement will be governed by the Act, the Supportive Housing rule codified at 24 CFR 583, attached here to and made a part hereof as Attachment A, and the Notice of Fund Availability (NOFA) published March 26, 2002 in the Federal Register. The term "Application" means the original and renewal application submissions on the basis of which a Grant was approved by HUD, including the certifications and assurances and any information or documentation required to meet any grant award conditions. The Application is incorporated herein as part of this Agreement, however, in the event of conflict between the provisions of those documents and any provision contained herein, this Renewal Grant Agreement shall control. The Secretary agrees, subject to the terms of the Grant Agreement, to provide the grant funds in the amount specified below for the approved project described in the Application.

Although this agreement will become effective only upon the execution hereof by both parties, upon execution, the term of this agreement shall run from the end of the Recipient's final operating year under the original Grant Agreement for a period of 2 years. Eligible costs, as defined by the Act and Attachment A, incurred between the end of Recipient's final operating year under the original Grant Agreement and the execution of this Renewal Grant Agreement may be paid with funds from the first operating year of this Renewal Grant.

HUD's total fund obligation for this project is \$546,089, allocated as follows:

1. Grant for Operating	\$219,592
2. Grant for Supportive Services	\$232,770.
3. Grant for Leasing	\$67,726
4. Grant for Administration	\$26,001

The Recipient must provide a 25 percent cash match for supportive services pursuant to HUD's FY 2002 Appropriations Act.



The Recipient agrees to comply with all requirements of this Grant Agreement and to accept responsibility for such compliance by any entities to which it makes grant funds available.

HUD notifications to the Recipient shall be to the address of the Recipient as written above, unless HUD is otherwise advised in writing. Recipient notifications to HUD shall be to the HUD Field Office executing the Grant Agreement. No right, benefit, or advantage of the Recipient hereunder be assigned without prior written approval of HUD.

For any project funded by this grant which is also financed through the use of the Low Income Housing Tax Credit, the following applies:

HUD recognizes that the Recipient or the project sponsor will or has financed this project through the use of the Low-Income Housing Tax Credit. The Recipient or project sponsor shall be the general partner of a limited partnership formed for that purpose. If grant funds were used for acquisition, rehabilitation or construction, then, throughout a period of twenty years from the date of initial occupancy or the initial service provision, the Recipient or project sponsor shall continue as general partner and shall ensure that the project is operated in accordance with the requirements of this Grant Agreement, the applicable regulations and statutes. Further, the said limited partnership shall own the project site throughout that twenty-year period. If grant funds were not used for acquisition, rehabilitation or new construction, then the period shall not be twenty years, but shall be for the term of the grant agreement and any renewal thereof. Failure to comply with the terms of this paragraph shall constitute a default under the Grant Agreement.

A default shall consist of any use of grant funds for a purpose other than as authorized by this Grant Agreement, failure in the Recipient's duty to provide the supportive housing for the minimum term in accordance with the requirements of Attachment A, noncompliance with the Act or Attachment A provisions, any other material breach of the Grant Agreement, or misrepresentations in the application submissions which, if known by HUD, would have resulted in this grant not being provided. Upon due notice to the Recipient of the occurrence of any such default and the provision of a reasonable opportunity to respond, HUD may take one or more of the following actions:

- (a) direct the Recipient to submit progress schedules for completing approved activities; or
- (b) issue a letter of warning advising the Recipient of the default, establishing a date by which corrective actions must be completed and putting the Recipient on notice that more serious actions will be taken if the default is not corrected or is repeated; or
- (c) direct the Recipient to establish and maintain a management plan that assigns responsibilities for carrying out remedial actions; or
- (d) direct the Recipient to suspend, discontinue or not incur costs for the affected activity; or

- (e) reduce or recapture the grant; or
- (f) direct the Recipient to reimburse the program accounts for costs inappropriately charged to the program; or
- (g) continue the grant with a substitute recipient of HUD's choosing; or
- (h) other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions and any other available remedies.

No delay or omission by HUD in exercising any right or remedy available to it under this Grant Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any Recipient default.

For each operating year in which funding is received, the Recipient shall file annual certifications with HUD that the supportive housing has been provided in accordance with the requirements of the Grant Agreement.

This Grant Agreement constitutes the entire agreement between the parties hereto, and may be amended only in writing executed by HUD and the Recipient. More specifically, the Recipient shall not change recipients, location, services, or population to be served nor shift more than 10 percent of funds from one approved type of activity to another, or make any other significant change, without the prior written approval of HUD.


## SIGNATURES

This Grant Agreement is hereby executed as follows:

**UNITED STATES OF AMERICA**  
**Secretary of Housing and Urban Development**

By:

Signature and Date

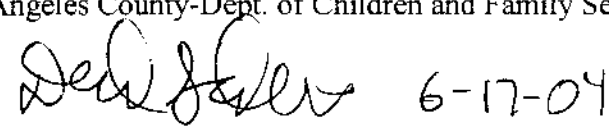
  
William Vasquez  
Director  
Office of Community Planning and Development

## RECIPIENT

Los Angeles County-Dept. of Children and Family Services

By:

Authorized Signature and Date

 6-17-04  
David Sanders, PhD  
Director

[Code of Federal Regulations]  
[Title 24, Volume 3]  
[Revised as of April 1, 2002]  
From the U.S. Government Printing Office via GPO Access  
[CITE: 24CFR583]

[Page 248-249]

## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart A--General

##### Sec. 583.1 Purpose and scope.

(a) General. The Supportive Housing Program is authorized by title IV of the Stewart B. McKinney Homeless Assistance Act (the McKinney Act) (42 U.S.C. 11381-11389). The Supportive Housing program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible.

(b) Components. Funds under this part may be used for:

- (1) Transitional housing to facilitate the movement of homeless individuals and families to permanent housing;
- (2) Permanent housing that provides long-term housing for homeless persons with disabilities;
- (3) Housing that is, or is part of, a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless persons; or
- (4) Supportive services for homeless persons not provided in conjunction with supportive housing.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51175, Sept. 30, 1996]

##### Sec. 583.5 Definitions.

As used in this part:

Applicant is defined in section 422(1) of the McKinney Act (42 U.S.C. 11382(1)). For purposes of this definition, governmental entities include those that have general governmental powers (such as a city or county), as well as those that have limited or special powers (such as public housing agencies).

Consolidated plan means the plan that a jurisdiction prepares and submits to HUD in accordance with 24 CFR part 91.

Date of initial occupancy means the date that the supportive housing is initially occupied by a homeless person for whom HUD provides assistance under this part. If the assistance is for an existing homeless facility, the date of initial occupancy is the date that services are first provided to the residents of supportive housing with funding under this part.

Date of initial service provision means the date that supportive services are initially provided with funds under this part to homeless persons who do not reside in supportive housing. This definition applies only to projects funded under this part that do not provide supportive housing.

Disability is defined in section 422(2) of the McKinney Act (42 U.S.C. 11382(2)).

Homeless person means an individual or family that is described in section 103 of the McKinney Act (42 U.S.C. 11302).

Metropolitan city is defined in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)). In general, metropolitan cities are those cities that are eligible for an entitlement grant under 24 CFR part 570, **subpart D**.

New construction means the building of a structure where none existed or an addition to an existing structure that increases the floor area by more than 100 percent.

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Operating costs is defined in section 422(5) of the McKinney Act (42 U.S.C. 11382(5)).

Outpatient health services is defined in section 422(6) of the McKinney Act (42 U.S.C. 11382(6)).

Permanent housing for homeless persons with disabilities is defined in section 424(c) of the McKinney Act (42 U.S.C. 11384(c)).

Private nonprofit organization is defined in section 422(7) (A), (B), and (D) of the McKinney Act (42 U.S.C. 11382(7) (A), (B), and (D)). The organization must also have a functioning accounting system that is operated in accordance with generally accepted accounting principles, or designate an entity that will maintain a functioning accounting system for the organization in accordance with generally accepted accounting principles.

Project is defined in sections 422(8) and 424(d) of the McKinney Act (42 U.S.C. 11382(8), 11384(d)).

Recipient is defined in section 422(9) of the McKinney Act (42 U.S.C. 11382(9)).

Rehabilitation means the improvement or repair of an existing structure or an addition to an existing structure that does not increase the floor area by more than 100 percent. Rehabilitation does not include minor or routine repairs.

State is defined in section 422(11) of the McKinney Act (42 U.S.C. 11382(11)).

Supportive housing is defined in section 424(a) of the McKinney Act (42 U.S.C. 11384(a)).

Supportive services is defined in section 425 of the McKinney Act (42 U.S.C. 11385).

Transitional housing is defined in section 424(b) of the McKinney Act (42 U.S.C. 11384(b)). See also Sec. 583.300(j).

Tribe is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

Urban county is defined in section 102(a)(6) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6)). In general, urban counties are those counties that are eligible for an entitlement grant under 24 CFR part 570, **subpart D**.

[61 FR 51175, Sept. 30, 1996]

[Code of Federal Regulations]  
[Title 24, Volume 3]  
[Revised as of April 1, 2002]  
From the U.S. Government Printing Office via GPO Access  
[CITE: 24CFR583]

[Page 249-254]

## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart B--Assistance Provided

##### Sec. 583.100 Types and uses of assistance.

(a) Grant assistance. Assistance in the form of grants is available for acquisition of structures, rehabilitation of structures, acquisition and rehabilitation of structures, new construction, leasing, operating costs for supportive housing, and supportive services, as described in Secs. 583.105 through 583.125. Applicants may apply for more than one type of assistance.

(b) Uses of grant assistance. Grant assistance may be used to:

(1) Establish new supportive housing facilities or new facilities to provide supportive services;

(2) Expand existing facilities in order to increase the number of homeless persons served;

(3) Bring existing facilities up to a level that meets State and local government health and safety standards;

(4) Provide additional supportive services for residents of supportive housing or for homeless persons not residing in supportive housing;

(5) Purchase HUD-owned single family properties currently leased by the applicant for use as a homeless facility under 24 CFR part 291; and

(6) Continue funding supportive housing where the recipient has received funding under this part for leasing, supportive services, or operating costs.

(c) Structures used for multiple purposes. Structures used to provide supportive housing or supportive services may also be used for other purposes, except that assistance under this part will be available only in proportion to the use of the structure for supportive housing or supportive services.

(d) Technical assistance. HUD may offer technical assistance, as described in Sec. 583.140.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

##### Sec. 583.105 Grants for acquisition and rehabilitation

(a) Use. HUD will grant funds to recipients to:

(1) Pay a portion of the cost of the acquisition of real property selected by the recipients for use in the provision of supportive housing or supportive services, including the repayment of

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any outstanding debt on a loan made to purchase property that has not been used previously as supportive housing or for supportive services;

(2) Pay a portion of the cost of rehabilitation of structures, including cost-effective energy measures, selected by the recipients to provide supportive housing or supportive services; or

(3) Pay a portion of the cost of acquisition and rehabilitation of

structures, as described in paragraphs (a)(1) and (2) of this section.

(b) Amount. The maximum grant available for acquisition, rehabilitation, or acquisition and rehabilitation is the lower of:

(1) \$200,000; or

(2) The total cost of the acquisition, rehabilitation, or acquisition and rehabilitation minus the applicant's contribution toward the cost.

(c) Increased amounts. In areas determined by HUD to have high acquisition and rehabilitation costs, grants of more than \$200,000, but not more than \$400,000, may be available.

#### Sec. 583.110 Grants for new construction.

(a) Use. HUD will grant funds to recipients to pay a portion of the cost of new construction, including cost-effective energy measures and the cost of land associated with that construction, for use in the provision of supportive housing. If the grant funds are used for new construction, the applicant must demonstrate that the costs associated with new construction are substantially less than the costs associated with rehabilitation or that there is a lack of available appropriate units that could be rehabilitated at a cost less than new construction. For purposes of this cost comparison, costs associated with rehabilitation or new construction may include the cost of real property acquisition.

(b) Amount. The maximum grant available for new construction is the lower of:

(1) \$400,000; or

(2) The total cost of the new construction, including the cost of land associated with that construction, minus the applicant's contribution toward the cost of same.

#### Sec. 583.115 Grants for leasing.

(a) General. HUD will provide grants to pay (as described in Sec. 583.130 of this part) for the actual costs of leasing a structure or structures, or portions thereof, used to provide supportive housing or supportive services for up to five years.

(b)(1) Leasing structures. Where grants are used to pay rent for all or part of structures, the rent paid must be reasonable in relation to rents being charged in the area for comparable space. In addition, the rent paid may not exceed rents currently being charged by the same owner for comparable space.

(2) Leasing individual units. Where grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units, taking into account the location, size, type, quality, amenities, facilities, and management services. In addition, the rents may not exceed rents currently being charged by the same owner for comparable unassisted units, and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents. Recipients may use grant funds in an amount up to one month's rent to pay the non-recipient landlord for any damages to leased units by homeless participants.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

#### Sec. 583.120 Grants for supportive services costs.

(a) General. HUD will provide grants to pay (as described in Sec. 583.130 of this part) for the actual costs of supportive services for homeless persons for up to five years. All or part of the supportive services may be provided directly by the recipient or by arrangement with public or private service providers.

(b) Supportive services costs. Costs associated with providing supportive services include salaries paid to providers of supportive services and any other costs directly associated with providing such

services. For a transitional housing project, supportive services costs also include the costs of services provided to former residents of

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transitional housing to assist their adjustment to independent living. Such services may be provided for up to six months after they leave the transitional housing facility.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

#### Sec. 583.125 Grants for operating costs.

(a) General. HUD will provide grants to pay a portion (as described in Sec. 583.130) of the actual operating costs of supportive housing for up to five years.

(b) Operating costs. Operating costs are those associated with the day-to-day operation of the supportive housing. They also include the actual expenses that a recipient incurs for conducting on-going assessments of the supportive services needed by residents and the availability of such services; relocation assistance under Sec. 583.310, including payments and services; and insurance.

(c) Recipient match requirement for operating costs. Assistance for operating costs will be available for up to 75 percent of the total cost in each year of the grant term. The recipient must pay the percentage of the actual operating costs not funded by HUD. At the end of each operating year, the recipient must demonstrate that it has met its match requirement of the costs for that year.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51175, Sept. 30, 1996; 65 FR 30823, May 12, 2000]

#### Sec. 583.130 Commitment of grant amounts for leasing, supportive services, and operating costs.

Upon execution of a grant agreement covering assistance for leasing, supportive services, or operating costs, HUD will obligate amounts for a period not to exceed five operating years. The total amount obligated will be equal to an amount necessary for the specified years of operation, less the recipient's share of operating costs.

(Approved by the Office of Management and Budget under OMB control number 2506-0112)

[59 FR 36891, July 19, 1994]

#### Sec. 583.135 Administrative costs.

(a) General. Up to five percent of any grant awarded under this part may be used for the purpose of paying costs of administering the assistance.

(b) Administrative costs. Administrative costs include the costs associated with accounting for the use of grant funds, preparing reports for submission to HUD, obtaining program audits, similar costs related to administering the grant after the award, and staff salaries associated with these administrative costs. They do not include the costs of carrying out eligible activities under Secs. 583.105 through 583.125.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51175, Sept. 30, 1996]

#### Sec. 583.140 Technical assistance.

(a) General. HUD may set aside funds annually to provide technical assistance, either directly by HUD staff or indirectly through third-



party providers, for any supportive housing project. This technical assistance is for the purpose of promoting the development of supportive housing and supportive services as part of a continuum of care approach, including innovative approaches to assist homeless persons in the transition from homelessness, and promoting the provision of supportive housing to homeless persons to enable them to live as independently as possible.

(b) Uses of technical assistance. HUD may use these funds to provide technical assistance to prospective applicants, applicants, recipients, or other providers of supportive housing or services for homeless persons, for supportive housing projects. The assistance may include, but is not limited to, written information such as papers, monographs, manuals, guides, and brochures; person-to-person exchanges; and training and related costs.

(c) Selection of providers. From time to time, as HUD determines the need, HUD may advertise and competitively select providers to deliver technical assistance. HUD may enter into contracts, grants, or cooperative agreements, when necessary, to implement the technical assistance.

[59 FR 36892, July 19, 1994]

#### Sec. 583.145 Matching requirements.

(a) General. The recipient must match the funds provided by HUD for

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grants for acquisition, rehabilitation, and new construction with an equal amount of funds from other sources.

(b) Cash resources. The matching funds must be cash resources provided to the project by one or more of the following: the recipient, the Federal government, State and local governments, and private resources.

(c) Maintenance of effort. State or local government funds used in the matching contribution are subject to the maintenance of effort requirements described at Sec. 583.150(a).

#### Sec. 583.150 Limitations on use of assistance.

(a) Maintenance of effort. No assistance provided under this part (or any State or local government funds used to supplement this assistance) may be used to replace State or local funds previously used, or designated for use, to assist homeless persons.

(b) Primarily religious organizations-- (1) Provision of assistance. (i) HUD will provide assistance to a recipient that is a primarily religious organization if the organization agrees to provide housing and supportive services in a manner that is free from religious influences and in accordance with the following principles:

(A) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

(B) It will not discriminate against any person applying for housing or supportive services on the basis of religion and will not limit such housing or services or give preference to persons on the basis of religion;

(C) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of housing and supportive services.

(ii) HUD will provide assistance to a recipient that is a primarily religious organization if the assistance will not be used by the organization to construct a structure, acquire a structure or to rehabilitate a structure owned by the organization, except as described in paragraph (c)(2) of this section.

(2) Rehabilitation of structures owned by a primarily religious organization. Rehabilitation grants may be used to rehabilitate a structure owned by a primarily religious organization, if the following conditions are met:

(i) The structure (or portion of the structure) that is to be rehabilitated with HUD assistance has been leased to a recipient that is an existing or newly established wholly secular organization (which may be established by the primarily religious organization under the provisions of paragraph (c)(3) of this section);

(ii) The HUD assistance is provided to the wholly secular organization (and not the primarily religious organization) to make the improvements;

(iii) The leased structure will be used exclusively for secular purposes available to all persons regardless of religion;

(iv) The lease payments paid to the primarily religious organization do not exceed the fair market rent of the structure before the rehabilitation was done;

(v) The portion of the cost of any improvements that benefit any unleased portion of the structure will be allocated to, and paid for by, the primarily religious organization;

(vi) The primarily religious organization agrees that, if the recipient does not retain the use of the leased premises for wholly secular purposes for the useful life of the improvements, the primarily religious organization will pay an amount equal to the residual value of the improvements to the secular organization, and the secular organization will remit the amount to HUD.

(3) Assistance to a wholly secular private nonprofit organization established by a primarily religious organization. (i) A primarily religious organization may establish a wholly secular private nonprofit organization to serve as a recipient. The wholly secular organization may be eligible to receive other forms of assistance available under this part.

(A) The wholly secular organization must agree to provide housing and supportive services in a manner that is free from religious influences and in accordance with the principles set

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forth in paragraph (c)(1)(i) of this section.

(B) The wholly secular organization may enter into a contract with the primarily religious organization to operate the supportive housing or to provide supportive services for the residents. In such a case, the primarily religious organization must agree in the contract to carry out its contractual responsibilities in a manner free from religious influences and in accordance with the principles set forth in paragraph (c)(1)(i) of this section.

(C) The rehabilitation grants are subject to the requirements of paragraph (c)(2) of this section.

(ii) HUD will not require the primarily religious organization to establish the wholly secular organization before the selection of its application. In such a case, the primarily religious organization may apply on behalf of the wholly secular organization. The application will be reviewed on the basis of the primarily religious organization's financial responsibility and capacity, and its commitment to provide appropriate resources to the wholly secular organization after formation. The requirement with regard to site control, described in Sec. 583.320, may be satisfied if the primarily religious organization demonstrates site control and a commitment to transfer control of the site to the wholly secular organization after its formation. If such an application is selected for funding, the obligation of funds will be conditioned upon the establishment of a wholly secular organization that meets the definition of private nonprofit organization in Sec. 583.5.

(c) Participant control of site. Where an applicant does not propose to have control of a site or sites but rather proposes to assist a homeless family or individual in obtaining a lease, which may include

assistance with rent payments and receiving supportive services, after which time the family or individual remains in the same housing without further assistance under this part, that applicant may not request assistance for acquisition, rehabilitation, or new construction.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1993]

Sec. 583.155 Consolidated plan.

(a) Applicants that are States or units of general local government. The applicant must have a HUD-approved complete or abbreviated consolidated plan, in accordance with 24 CFR part 91, and must submit a certification that the application for funding is consistent with the HUD-approved consolidated plan. Funded applicants must certify in a grant agreement that they are following the HUD-approved consolidated plan.

(b) Applicants that are not States or units of general local government. The applicant must submit a certification by the jurisdiction in which the proposed project will be located that the applicant's application for funding is consistent with the jurisdiction's HUD-approved consolidated plan. The certification must be made by the unit of general local government or the State, in accordance with the consistency certification provisions of the consolidated plan regulations, 24 CFR part 91, **subpart F**.

(c) Indian tribes and the Insular Areas of Guam, the U.S. Virgin Islands, American Samoa, and the Northern Mariana Islands. These entities are not required to have a consolidated plan or to make consolidated plan certifications. An application by an Indian tribe or other applicant for a project that will be located on a reservation of an Indian tribe will not require a certification by the tribe or the State. However, where an Indian tribe is the applicant for a project that will not be located on a reservation, the requirement for a certification under paragraph (b) of this section will apply.

(d) Timing of consolidated plan certification submissions. Unless otherwise set forth in the NOFA, the required certification that the application for funding is consistent with the HUD-approved consolidated plan must be submitted

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by the funding application submission deadline announced in the NOFA.

[60 FR 16380, Mar. 30, 1995]

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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart C--Application and Grant Award Process

##### Sec. 583.200 Application and grant award.

When funds are made available for assistance, HUD will publish a notice of funding availability (NOFA) in the Federal Register, in accordance with the requirements of 24 CFR part 4. HUD will review and screen applications in accordance with the requirements in section 426 of the McKinney Act (42 U.S.C. 11386) and the guidelines, rating criteria, and procedures published in the NOFA.

[61 FR 51176, Sept. 30, 1996]

##### Sec. 583.230 Environmental review.

(a) Generally. Project selection is subject to completion of an environmental review of the proposed site, and the project may be modified or the site rejected as a result of that review. The environmental effects must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4320) (NEPA) and the related environmental laws and authorities listed in HUD's implementing regulations at 24 CFR part 50 or 58, depending on who is responsible for environmental review.

(b) Environmental review by HUD. HUD will perform an environmental review, in accordance with part 50 of this title, before approval of conditionally selected applications received directly from private nonprofit organizations and governmental entities with special or limited purpose powers. Any application subject to environmental review by HUD that requires an Environmental Impact Statement (EIS) in accordance with the procedures in 24 CFR part 50, **subpart E**, will not be eligible for assistance under this part.

(c) Environmental review by applicants. Applicants that are States, metropolitan cities, urban counties, tribes, or other governmental entities with general purpose powers must assume responsibility for environmental review, decisionmaking, and action for each application for assistance in accordance with part 58 of this title. These applicants must include in their applications an assurance that they will assume all the environmental review responsibility that would otherwise be performed by HUD as the responsible Federal official under NEPA and related authorities listed in 24 CFR part 58. The grant award is subject to completion of the environmental responsibilities set out in 24 CFR part 58 within a reasonable time period after notification of the award. Applicants may, however, enclose an environmental certification and Request for Release of Funds with their applications.

[61 FR 51176, Sept. 30, 1996]

##### Sec. 583.235 Renewal grants.

(a) General. Grants made under this part, and grants made under

subtitles C and D (the Supportive Housing Demonstration and SAFAH, respectively) of the Stewart B. McKinney Homeless Assistance Act as in effect before October 23, 1992, may be renewed on a noncompetitive basis to continue ongoing leasing, operations, and supportive services for additional years beyond the initial funding period. To be considered for renewal funding for leasing, operating costs, or supportive services, recipients must submit a request for such funding in the form specified by HUD, must meet the requirements of this part, and must submit requests within the time period established by HUD.

(b) Assistance available. The first renewal will be for a period of time not to exceed the difference between the end of the initial funding period and ten years from the date of initial occupancy or the date of initial service provision, as applicable. Any subsequent renewal will be for a period of time not to exceed five years. Assistance during each year of the renewal period, subject to maintenance of effort requirements under Sec. 583.150(a) may be for:

- (1) Up to 50 percent of the actual operating and leasing costs in the final year of the initial funding period;
- (2) Up to the amount of HUD assistance for supportive services in the final year of the initial funding period; and
- (3) An allowance for cost increases.

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(c) HUD review. (1) HUD will review the request for renewal and will evaluate the recipient's performance in previous years against the plans and goals established in the initial application for assistance, as amended. HUD will approve the request for renewal unless the recipient proposes to serve a population that is not homeless, or the recipient has not shown adequate progress as evidenced by an unacceptably slow expenditure of funds, or the recipient has been unsuccessful in assisting participants in achieving and maintaining independent living. In determining the recipient's success in assisting participants to achieve and maintain independent living, consideration will be given to the level and type of problems of participants. For recipients with a poor record of success, HUD will also consider the recipient's willingness to accept technical assistance and to make changes suggested by technical assistance providers. Other factors which will affect HUD's decision to approve a renewal request include the following: a continuing history of inadequate financial management accounting practices, indications of mismanagement on the part of the recipient, a drastic reduction in the population served by the recipient, program changes made by the recipient without prior HUD approval, and loss of project site.

(2) HUD reserves the right to reject a request from any organization with an outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed to, or whose response to an audit finding is overdue or unsatisfactory.

(3) HUD will notify the recipient in writing that the request has been approved or disapproved.

(Approved by the Office of Management and Budget under control number 2506-0112)

[Code of Federal Regulations]  
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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart D--Program Requirements

##### Sec. 583.300 General operation.

(a) State and local requirements. Each recipient of assistance under this part must provide housing or services that are in compliance with all applicable State and local housing codes, licensing requirements, and any other requirements in the jurisdiction in which the project is located regarding the condition of the structure and the operation of the housing or services.

(b) Habitability standards. Except for such variations as are proposed by the recipient and approved by HUD, supportive housing must meet the following requirements:

(1) Structure and materials. The structures must be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the residents from the elements.

(2) Access. The housing must be accessible and capable of being utilized without unauthorized use of other private properties. Structures must provide alternate means of egress in case of fire.

(3) Space and security. Each resident must be afforded adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.

(4) Interior air quality. Every room or space must be provided with natural or mechanical ventilation. Structures must be free of pollutants in the air at levels that threaten the health of residents.

(5) Water supply. The water supply must be free from contamination.

(6) Sanitary facilities. Residents must have access to sufficient sanitary facilities that are in proper operating condition, may be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

(7) Thermal environment. The housing must have adequate heating and/or cooling facilities in proper operating condition.

(8) Illumination and electricity. The housing must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of residents. Sufficient electrical sources must be provided to permit use of essential electrical appliances while assuring safety from fire.

(9) Food preparation and refuse disposal. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner.

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(10) Sanitary condition. The housing and any equipment must be maintained in sanitary condition.

(11) Fire safety. (i) Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing-impaired persons, smoke detectors must have an alarm

system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

(ii) The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

(c) Meals. Each recipient of assistance under this part who provides supportive housing for homeless persons with disabilities must provide meals or meal preparation facilities for residents.

(d) Ongoing assessment of supportive services. Each recipient of assistance under this part must conduct an ongoing assessment of the supportive services required by the residents of the project and the availability of such services, and make adjustments as appropriate.

(e) Residential supervision. Each recipient of assistance under this part must provide residential supervision as necessary to facilitate the adequate provision of supportive services to the residents of the housing throughout the term of the commitment to operate supportive housing. Residential supervision may include the employment of a full- or part-time residential supervisor with sufficient knowledge to provide or to supervise the provision of supportive services to the residents.

(f) Participation of homeless persons. (1) Each recipient must provide for the participation of homeless persons as required in section 426(g) of the McKinney Act (42 U.S.C. 11386(g)). This requirement is waived if an applicant is unable to meet it and presents a plan for HUD approval to otherwise consult with homeless or formerly homeless persons in considering and making policies and decisions. See also Sec. 583.330(e).

(2) Each recipient of assistance under this part must, to the maximum extent practicable, involve homeless individuals and families, through employment, volunteer services, or otherwise, in constructing, rehabilitating, maintaining, and operating the project and in providing supportive services for the project.

(g) Records and reports. Each recipient of assistance under this part must keep any records and make any reports (including those pertaining to race, ethnicity, gender, and disability status data) that HUD may require within the timeframe required.

(h) Confidentiality. Each recipient that provides family violence prevention or treatment services must develop and implement procedures to ensure:

(1) The confidentiality of records pertaining to any individual services; and

(2) That the address or location of any project assisted will not be made public, except with written authorization of the person or persons responsible for the operation of the project.

(i) Termination of housing assistance. The recipient may terminate assistance to a participant who violates program requirements. Recipients should terminate assistance only in the most severe cases. Recipients may resume assistance to a participant whose assistance was previously terminated. In terminating assistance to a participant, the recipient must provide a normal process that recognizes the rights of individuals receiving assistance to due process of law. This process, at a minimum, must consist of:

(1) Written notice to the participant containing a clear statement of the reasons for termination;

(2) A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and

(3) Prompt written notice of the final decision to the participant.

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(j) Limitation of stay in transitional housing. A homeless individual or family may remain in transitional housing for a period

longer than 24 months, if permanent housing for the individual or family has not been located or if the individual or family requires additional time to prepare for independent living. However, HUD may discontinue assistance for a transitional housing project if more than half of the homeless individuals or families remain in that project longer than 24 months.

(k) Outpatient health services. Outpatient health services provided by the recipient must be approved as appropriate by HUD and the Department of Health and Human Services (HHS). Upon receipt of an application that proposes the provision of outpatient health services, HUD will consult with HHS with respect to the appropriateness of the proposed services.

(l) Annual assurances. Recipients who receive assistance only for leasing, operating costs or supportive services costs must provide an annual assurance for each year such assistance is received that the project will be operated for the purpose specified in the application.

(Approved by the Office of Management and Budget under control number 2506-0112)

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994; 61 FR 51176, Sept. 30, 1996]

Sec. 583.305 Term of commitment; repayment of grants; prevention of undue benefits.

(a) Term of commitment and conversion. Recipients must agree to operate the housing or provide supportive services in accordance with this part and with sections 423 (b) (1) and (b) (3) of the McKinney Act (42 U.S.C. 11383(b) (1), 11383(b) (3)).

(b) Repayment of grant and prevention of undue benefits. In accordance with section 423(c) of the McKinney Act (42 U.S.C. 11383(c)), HUD will require recipients to repay the grant unless HUD has authorized conversion of the project under section 423(b) (3) of the McKinney Act (42 U.S.C. 11383(b) (3)).

[61 FR 51176, Sept. 30, 1996]

Sec. 583.310 Displacement, relocation, and acquisition.

(a) Minimizing displacement. Consistent with the other goals and objectives of this part, recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of supportive housing assisted under this part.

(b) Relocation assistance for displaced persons. A displaced person (defined in paragraph (f) of this section) must be provided relocation assistance at the levels described in, and in accordance with, the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR part 24.

(c) Real property acquisition requirements. The acquisition of real property for supportive housing is subject to the URA and the requirements described in 49 CFR part 24, **subpart B**.

(d) Responsibility of recipient. (1) The recipient must certify (i.e., provide assurance of compliance) that it will comply with the URA, the regulations at 49 CFR part 24, and the requirements of this section, and must ensure such compliance notwithstanding any third party's contractual obligation to the recipient to comply with these provisions.

(2) The cost of required relocation assistance is an eligible project cost in the same manner and to the same extent as other project costs. Such costs also may be paid for with local public funds or funds available from other sources.

(3) The recipient must maintain records in sufficient detail to



demonstrate compliance with provisions of this section.

(e) Appeals. A person who disagrees with the recipient's determination concerning whether the person qualifies as a "displaced person," or the amount of relocation assistance for which the person is eligible, may file a written appeal of that determination with the recipient. A low-income person who is dissatisfied with the recipient's determination on his or her appeal may submit a written request for review of that determination to the HUD field office.

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(f) Definition of displaced person. (1) For purposes of this section, the term "displaced person" means a person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property permanently as a direct result of acquisition, rehabilitation, or demolition for supportive housing projects assisted under this part. The term "displaced person" includes, but may not be limited to:

(i) A person that moves permanently from the real property after the property owner (or person in control of the site) issues a vacate notice, or refuses to renew an expiring lease in order to evade the responsibility to provide relocation assistance, if the move occurs on or after the date the recipient submits to HUD the application or application amendment designating the project site.

(ii) Any person, including a person who moves before the date described in paragraph (f)(1)(i) of this section, if the recipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the assisted project.

(iii) A tenant-occupant of a dwelling unit who moves permanently from the building/complex on or after the date of the "initiation of negotiations" (see paragraph (g) of this section) if the move occurs before the tenant has been provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building/complex, under reasonable terms and conditions, upon completion of the project. Such reasonable terms and conditions must include a monthly rent and estimated average monthly utility costs that do not exceed the greater of:

(A) The tenant's monthly rent before the initiation of negotiations and estimated average utility costs, or

(B) 30 percent of gross household income. If the initial rent is at or near the maximum, there must be a reasonable basis for concluding at the time the project is initiated that future rent increases will be modest.

(iv) A tenant of a dwelling who is required to relocate temporarily, but does not return to the building/complex, if either:

(A) A tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, or

(B) Other conditions of the temporary relocation are not reasonable.

(v) A tenant of a dwelling who moves from the building/complex permanently after he or she has been required to move to another unit in the same building/complex, if either:

(A) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or

(B) Other conditions of the move are not reasonable.

(2) Notwithstanding the provisions of paragraph (f)(1) of this section, a person does not qualify as a "displaced person" (and is not eligible for relocation assistance under the URA or this section), if:

(i) The person has been evicted for serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable Federal, State, or local or tribal law, or other good cause, and HUD determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(ii) The person moved into the property after the submission of the application and, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the

person (e.g., the person may be displaced, temporarily relocated, or suffer a rent increase) and the fact that the person would not qualify as a "displaced person" (or for any assistance provided under this section), if the project is approved;

(iii) The person is ineligible under 49 CFR 24.2(g)(2); or

(iv) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(3) The recipient may request, at any time, HUD's determination of whether a displacement is or would be covered under this section.

(g) Definition of initiation of negotiations. For purposes of determining the

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formula for computing the replacement housing assistance to be provided to a residential tenant displaced as a direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, the term "initiation of negotiations" means the execution of the agreement between the recipient and HUD.

(h) Definition of project. For purposes of this section, the term "project" means an undertaking paid for in whole or in part with assistance under this part. Two or more activities that are integrally related, each essential to the others, are considered a single project, whether or not all component activities receive assistance under this part.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994]

#### Sec. 583.315 Resident rent.

(a) Calculation of resident rent. Each resident of supportive housing may be required to pay as rent an amount determined by the recipient which may not exceed the highest of:

(1) 30 percent of the family's monthly adjusted income (adjustment factors include the number of people in the family, age of family members, medical expenses and child care expenses). The calculation of the family's monthly adjusted income must include the expense deductions provided in 24 CFR 5.611(a), and for persons with disabilities, the calculation of the family's monthly adjusted income also must include the disallowance of earned income as provided in 24 CFR 5.617, if applicable;

(2) 10 percent of the family's monthly gross income; or

(3) If the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of the payment that is designated for housing costs.

(b) Use of rent. Resident rent may be used in the operation of the project or may be reserved, in whole or in part, to assist residents of transitional housing in moving to permanent housing.

(c) Fees. In addition to resident rent, recipients may charge residents reasonable fees for services not paid with grant funds.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994;  
66 FR 6225, Jan. 19, 2001]

#### Sec. 583.320 Site control.

(a) Site control. (1) Where grant funds will be used for acquisition, rehabilitation, or new construction to provide supportive housing or supportive services, or where grant funds will be used for operating costs of supportive housing, or where grant funds will be used to provide supportive services except where an applicant will provide services at sites not operated by the applicant, an applicant must demonstrate site control before HUD will execute a grant agreement

(e.g., through a deed, lease, executed contract of sale). If such site control is not demonstrated within one year after initial notification of the award of assistance under this part, the grant will be deobligated as provided in paragraph (c) of this section.

(2) Where grant funds will be used to lease all or part of a structure to provide supportive housing or supportive services, or where grant funds will be used to lease individual housing units for homeless persons who will eventually control the units, site control need not be demonstrated.

(b) Site change. (1) A recipient may obtain ownership or control of a suitable site different from the one specified in its application. Retention of an assistance award is subject to the new site's meeting all requirements under this part for suitable sites.

(2) If the acquisition, rehabilitation, acquisition and rehabilitation, or new construction costs for the substitute site are greater than the amount of the grant awarded for the site specified in the application, the recipient must provide for all additional costs. If the recipient is unable to demonstrate to HUD that it is able to provide for the difference in costs, HUD may deobligate the award of assistance.

(c) Failure to obtain site control within one year. HUD will recapture or deobligate any award for assistance under this part if the recipient is not in

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control of a suitable site before the expiration of one year after initial notification of an award.

#### Sec. 583.325 Nondiscrimination and equal opportunity requirements.

(a) General. Notwithstanding the permissibility of proposals that serve designated populations of disabled homeless persons, recipients serving a designated population of disabled homeless persons are required, within the designated population, to comply with these requirements for nondiscrimination on the basis of race, color, religion, sex, national origin, age, familial status, and disability.

(b) Nondiscrimination and equal opportunity requirements. The nondiscrimination and equal opportunity requirements set forth at part 5 of this title apply to this program. The Indian Civil Rights Act (25 U.S.C. 1301 et seq.) applies to tribes when they exercise their powers of self-government, and to Indian housing authorities (IHAs) when established by the exercise of such powers. When an IHA is established under State law, the applicability of the Indian Civil Rights Act will be determined on a case-by-case basis. Projects subject to the Indian Civil Rights Act must be developed and operated in compliance with its provisions and all implementing HUD requirements, instead of title VI and the Fair Housing Act and their implementing regulations.

(c) Procedures. (1) If the procedures that the recipient intends to use to make known the availability of the supportive housing are unlikely to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or handicap who may qualify for admission to the housing, the recipient must establish additional procedures that will ensure that such persons can obtain information concerning availability of the housing.

(2) The recipient must adopt procedures to make available information on the existence and locations of facilities and services that are accessible to persons with a handicap and maintain evidence of implementation of the procedures.

(d) Accessibility requirements. The recipient must comply with the new construction accessibility requirements of the Fair Housing Act and section 504 of the Rehabilitation Act of 1973, and the reasonable accommodation and rehabilitation accessibility requirements of section 504 as follows:

(1) All new construction must meet the accessibility requirements of 24 CFR 8.22 and, as applicable, 24 CFR 100.205.

(2) Projects in which costs of rehabilitation are 75 percent or more of the replacement cost of the building must meet the requirements of 24 CFR 8.23(a). Other rehabilitation must meet the requirements of 24 CFR 8.23(b).

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 33894, June 30, 1994; 61 FR 5210, Feb. 9, 1996; 61 FR 51176, Sept. 30, 1996]

#### Sec. 583.330 Applicability of other Federal requirements.

In addition to the requirements set forth in 24 CFR part 5, use of assistance provided under this part must comply with the following Federal requirements:

(a) Flood insurance. (1) The Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128) prohibits the approval of applications for assistance for acquisition or construction (including rehabilitation) for supportive housing located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(i) The community in which the area is situated is participating in the National Flood Insurance Program (see 44 CFR parts 59 through 79), or less than a year has passed since FEMA notification regarding such hazards; and

(ii) Flood insurance is obtained as a condition of approval of the application.

(2) Applicants with supportive housing located in an area identified by FEMA as having special flood hazards and receiving assistance for acquisition or construction (including rehabilitation) are responsible for assuring that flood insurance under the National Flood Insurance Program is obtained and maintained.

(b) The Coastal Barrier Resources Act of 1982 (16 U.S.C. 3501 et seq.) may apply to proposals under this part, depending on the assistance requested.

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(c) Applicability of OMB Circulars. The policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments) and 24 CFR part 85 apply to the award, acceptance, and use of assistance under the program by governmental entities, and OMB Circular Nos. A-110 (Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations) and A-122 (Cost Principles Applicable to Grants, Contracts and Other Agreements with Nonprofit Institutions) apply to the acceptance and use of assistance by private nonprofit organizations, except where inconsistent with the provisions of the McKinney Act, other Federal statutes, or this part. (Copies of OMB Circulars may be obtained from E.O.P. Publications, room 2200, New Executive Office Building, Washington, DC 20503, telephone (202) 395-7332. (This is not a toll-free number.) There is a limit of two free copies.

(d) Lead-based paint. The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title apply to activities under this program.

(e) Conflicts of interest. (1) In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient and who exercises or has exercised any functions or responsibilities with respect to assisted activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the

proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter. Participation by homeless individuals who also are participants under the program in policy or decisionmaking under Sec. 583.300(f) does not constitute a conflict of interest.

(2) Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (e)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the program and the effective and efficient administration of the recipient's project. An exception may be considered only after the recipient has provided the following:

(i) For States and other governmental entities, a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) For all recipients, an opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(3) In determining whether to grant a requested exception after the recipient has satisfactorily met the requirement of paragraph (e)(2) of this section, HUD will consider the cumulative effect of the following factors, where applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the project which would otherwise not be available;

(ii) Whether the person affected is a member of a group or class of eligible persons and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iii) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(iv) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (e)(1) of this section;

(v) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vi) Any other relevant considerations.

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(f) Audit. The financial management systems used by recipients under this program must provide for audits in accordance with 24 CFR part 44 or part 45, as applicable. HUD may perform or require additional audits as it finds necessary or appropriate.

(g) Davis-Bacon Act. The provisions of the Davis-Bacon Act do not apply to this program.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 5211, Feb. 9, 1996; 64 FR 60220, Sept. 13, 1999]

[Code of Federal Regulations]  
 [Title 24, Volume 3]  
 [Revised as of April 1, 2002]  
 From the U.S. Government Printing Office via GPO Access  
 [CITE: 24CFR583]  
 [Page 262-263]

## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart E--Administration

##### Sec. 583.400 Grant agreement.

(a) General. The duty to provide supportive housing or supportive services in accordance with the requirements of this part will be incorporated in a grant agreement executed by HUD and the recipient.

(b) Enforcement. HUD will enforce the obligations in the grant agreement through such action as may be appropriate, including repayment of funds that have already been disbursed to the recipient.

##### Sec. 583.405 Program changes.

(a) HUD approval. (1) A recipient may not make any significant changes to an approved program without prior HUD approval. Significant changes include, but are not limited to, a change in the recipient, a change in the project site, additions or deletions in the types of activities listed in Sec. 583.100 of this part approved for the program or a shift of more than 10 percent of funds from one approved type of activity to another, and a change in the category of participants to be served. Depending on the nature of the change, HUD may require a new certification of consistency with the consolidated plan (see Sec. 583.155).

(2) Approval for changes is contingent upon the application ranking remaining high enough after the approved change to have been competitively selected for funding in the year the application was selected.

(b) Documentation of other changes. Any changes to an approved program that do not require prior HUD approval must be fully documented in the recipient's records.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51176, Sept. 30, 1996]

##### Sec. 583.410 Obligation and deobligation of funds.

(a) Obligation of funds. When HUD and the applicant execute a grant agreement, funds are obligated to cover the amount of the approved assistance under **subpart B** of this part. The recipient will be expected to carry out the supportive housing or supportive services activities as proposed in the application.

(b) Increases. After the initial obligation of funds, HUD will not make revisions to increase the amount obligated.

(c) Deobligation. (1) HUD may deobligate all or parts of grants for acquisition, rehabilitation, acquisition and rehabilitation, or new construction:

(i) If the actual total cost of acquisition, rehabilitation, acquisition and rehabilitation, or new construction is less than the total cost anticipated in the application; or

(ii) If proposed activities for which funding was approved are not begun within three months or residents do not begin to occupy the

facility within nine months after grant execution.

(2) HUD may deobligate the amounts for annual leasing costs, operating costs or supportive services in any year:

(i) If the actual leasing costs, operating costs or supportive services for that year are less than the total cost anticipated in the application; or

(ii) If the proposed supportive housing operations are not begun within three months after the units are available for occupancy.

(3) The grant agreement may set forth in detail other circumstances under which funds may be deobligated, and other sanctions may be imposed.

(4) HUD may:

(i) Readvertise the availability of funds that have been deobligated under this section in a notice of fund availability under Sec. 583.200, or

(ii) Award deobligated funds to applications previously submitted in response to the most recently published

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notice of fund availability, and in accordance with **subpart C** of this part.

REFERENCES IN SRP RULE TO THE MCKINNEY ACT (42 U.S.C. 11381-11389)

§ 583.5 Definitions.

Section 422(1) of the McKinney Act (42 U.S.C. 11382(1))

(1) The term "applicant" means a State, Indian tribe, metropolitan city, urban county, governmental entity, private nonprofit organization, or community mental health association that is a public nonprofit organization, that is eligible to receive assistance under this subtitle and submits an application under section 426(a).

Section 422(2) of the McKinney Act (42 U.S.C. 11382(2))

(2) The term "disability" means--  
 (A) a disability as defined in section 223 of the Social Security Act, (B) to be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) of such a nature that such ability could be improved by more suitable housing conditions, (C) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act, or (D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.  
 Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

Section 103 of the McKinney Act (42 U.S.C. 11302)

(a) IN GENERAL.--For purposes of this Act, the term "homeless" or "homeless individual or homeless person" includes--  
 (1) An individual who lacks a fixed, regular, and adequate nighttime residence; and  
 (2) An individual who has a primary nighttime residence that is:  
 (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);  
 (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or  
 (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.  
 (b) INCOME ELIGIBILITY.--  
 (1) IN GENERAL.--A homeless individual shall be eligible for assistance under any program provided by this Act, only if the individual complies with the income eligibility requirements otherwise applicable to such program.  
 (2) EXCEPTION.--Notwithstanding paragraph (1), a homeless individual shall be eligible for assistance under the Job Training Partnership Act.  
 (c) EXCLUSION.--For purposes of this Act, the term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law.



Section 422(5) of the McKinney Act (42 U.S.C. 11382(5))	<p>(5) The term "operating costs" means expenses incurred by a recipient operating supportive housing under this subtitle with respect to--</p> <p>(A) the administration, maintenance, repair, and security of such housing;</p> <p>(B) utilities, fuel, furnishings, and equipment for such housing; and</p> <p>(C) the conducting of the assessment under section 426(c)(2).</p>
Section 422(6) of the McKinney Act (42 U.S.C. 11382(6))	<p>(6) The term "outpatient health services" means outpatient health care, outpatient mental health services, outpatient substance abuse services, and case management.</p>
Section 424(c) of the McKinney Act (42 U.S.C. 11384(c))	<p>(c) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.--For purposes of this section, the term "permanent housing for homeless persons with disabilities" means community-based housing for homeless persons with disabilities that provides long-term housing and supportive services for not more than--</p> <p>(1) 8 such persons in a single structure or contiguous structures;</p> <p>(2) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or</p> <p>(3) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integration objectives of the program within the context of the affected community.</p>
Section 422(7)(A), (B) & (D) of the McKinney Act (42 U.S.C. 11382(7)(A), (B), & (D))	<p>(7) The term "private nonprofit organization" means an organization--</p> <p>(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;</p> <p>(B) that has a voluntary board;</p> <p>(D) that practices nondiscrimination in the provision of assistance.</p>
Sections 422(8) & 424(d) of the McKinney Act (42 U.S.C. 11382(8), 11384(d))	<p>422(8) The term "project" means a structure or structures (or a portion of such structure or structures) that is acquired, rehabilitated, constructed, or leased with assistance provided under this subtitle or with respect to which the Secretary provides technical assistance or annual payments for operating costs under this subtitle, or supportive services.</p> <p>424(d) SINGLE ROOM OCCUPANCY DWELLINGS.--A project may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.</p>
Section 422(9) of the McKinney Act (42 U.S.C. 11382(9))	<p>(9) The term "recipient" means any governmental or nonprofit entity that receives assistance under this subtitle.</p>
Section 422(11) of the McKinney Act (42 U.S.C. 11382(11))	<p>(11) The term "state" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau.</p>

REFERENCES IN SHP RULE TO THE P

HOMEY ACT (42 U.S.C. 11381-11389)

<p>Section 425 of the McKinney Act (42 U.S.C. 11385)</p>	<p>(a) IN GENERAL. Housing providing supportive services for homeless individuals shall be considered supportive housing for purposes of this subtitle if--</p> <p>(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located; and</p> <p>(2) the housing--</p> <p>(A) is transitional housing;</p> <p>(B) is permanent housing for homeless persons with disabilities; or</p> <p>(C) is, or is a part of, a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families.</p>
<p>Section 424(b) of the McKinney Act (42 U.S.C. 11384(b))</p>	<p>(a) IN GENERAL.--To the extent practicable, each project shall provide supportive services for residents of the project and homeless persons using the project, which may be designed by the recipient or participants.</p> <p>(b) REQUIREMENTS.--Supportive services provided in connection with a project shall address the special needs of individuals (such as homeless persons with disabilities and homeless families with children) intended to be served by a project.</p> <p>(c) SERVICES.--Supportive services may include such activities as (A) establishing and operating a child care services program for homeless families, (B) establishing and operating an employment assistance program, (C) providing outpatient health services, food, and case management, (D) providing assistance in obtaining permanent housing, employment counseling, and nutritional counseling; (E) providing security arrangements necessary for the protection of residents of supportive housing and for homeless persons using the housing or project, (F) providing assistance in obtaining other Federal, State, and local assistance available for such residents (including mental health benefits, employment counseling, and medical assistance, but not including major medical equipment), and (G) providing other appropriate services.</p> <p>(b) TRANSITIONAL HOUSING.--For purposes of this section, the term "transitional housing" means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. The Secretary may deny assistance for housing based on a violation of this subsection only if the Secretary determines that a substantial number of homeless individuals or families have remained in the housing longer than such period.</p>

583. application and grant award.	Reviewing and screening applications	<p>(b) SELECTION CRITERIA.--The Secretary shall select applicants approved by the Secretary as to financial responsibility to receive assistance under this subtitle by a national competition based on criteria established by the Secretary, which shall include--</p> <p>(1) the ability of the applicant to develop and operate a project;</p> <p>(2) the innovative quality of the proposal in providing a project;</p> <p>(3) the need for the type of project proposed by the applicant in the area to be served;</p> <p>(4) the extent to which the amount of assistance to be provided under this subtitle will be supplemented with resources from other public and private sources;</p> <p>(5) the cost-effectiveness of the proposed project;</p> <p>(6) the extent to which the applicant has demonstrated coordination with other Federal, State, local, private and other entities serving homeless persons in the planning and operation of the project, to the extent practicable; and</p> <p>(7) such other factors as the Secretary determines to be appropriate to carry out this subtitle in an effective and efficient manner.</p>
§ 583.300 General operation.	Section 426(g) of the McKinney Act (42 U.S.C. 11386(g))	<p>(g) PARTICIPATION OF HOMELESS INDIVIDUALS.--The Secretary shall, by regulation, require each recipient to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policy-making entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any project, supportive services, or assistance provided under this subtitle. The Secretary may grant waivers to applicants unable to meet the requirement under the preceding sentence if the applicant agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.</p>
§ 583.305 Term of commitment; repayment of undue benefits	Term of commitment; conversion of project	<p>(b) USE RESTRICTIONS.--</p> <p>(1) ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.--Projects acquired under subsection (a)(1) or (2) shall be operated for not less than 20 years for the purpose specified in the application.</p> <p>(3) CONVERSION.--If the Secretary determines that a project is no longer needed for use as supportive housing and approves the use of the project for the direct benefit of low-income persons pursuant to a request for such use by the recipient operating the project, the Secretary may authorize the recipient to convert the project to such use.</p>

REFERENCES IN SHP RULE TO THE	MCKINNEY ACT (42 U.S.C. 11381-11389)
<p>Section 423(c) of the McKinney Act (42 U.S.C. 11383(c))</p>	<p>Repayment of grant</p> <p>(c) REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.--</p> <p>(1) REPAYMENT.-- The Secretary shall require recipients to repay 100 percent of any assistance received under subsection (a)(1) or (2) if the project ceases to be used as supportive housing within 10 years after the project is placed in service. If such project is used as supportive housing for more than 10 years, the Secretary shall reduce the percentage of the amount required to be repaid by 10 percentage points for each year in excess of 10 that the project is used as supportive housing.</p> <p>(2) PREVENTION OF UNDUE BENEFITS.--Except as provided in paragraph (3), upon any sale or other disposition of a project assisted under subsection (a)(1) or (2) occurring before the expiration of the 20-year period beginning on the date that the project is placed in service, the recipient shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient from unduly benefiting from such sale or disposition.</p> <p>(3) EXCEPTION.-- A recipient shall not be required to comply with the terms and conditions prescribed under paragraphs (1) and (2) if the sale or disposition of the project results in the use of the project for the direct benefit of very low-income persons or if all of the proceeds are used to provide supportive housing meeting the requirements of this subtitle.</p>

**GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS - 61 FR 5202  
(REFERENCES APPLICABLE TO EBP RULE)**

**§ 5.100 Definitions**

Department

Department means the Department of Housing and Urban Development.

HUD

HUD means the same as the Department.

**§ 5.110 Waivers**

Waivers

Upon determination of good cause, the Secretary may, subject to statutory limitations, waive any provision of this title and delegate this authority in accordance with section 106 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3535(q)).



U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Los Angeles Field Office, Region IX  
611 West 6<sup>th</sup> Street, Suite 1000 - 9DD  
Los Angeles, California 90017-3101

DEC 24 2003

David Sanders, PhD, Director  
Los Angeles County-Dept. of Children and Family Services  
3530 Wilshire Blvd., 4th Flr  
Los Angeles, CA 90010

Dear Dr. Sanders:

SUBJECT: Transmittal of Grant Agreement  
Supportive Housing Program (SHP)  
Project Number: CA16B200016  
PIN: CA7015

Congratulations on the final selection of Transitional Housing for Young People-Westside for renewal grant funding under the Supportive Housing Program. All conditions attached to your award for this project have been met. This 2 year award will continue to support your program previously funded by HUD as CA16B970001, further contributing to our national effort to end homelessness.

Upon execution of the Renewal Grant Agreement by you and HUD, we will obligate the total funds for this project in the amount of \$177,335, allocated as follows:

- |                                  |          |
|----------------------------------|----------|
| 1. Grant for operating           | \$88,920 |
| 2. Grant for supportive services | \$60,265 |
| 3. Grant for leasing             | \$19,706 |
| 4. Grant for administration      | \$8,444  |

Enclosed are three copies of the Renewal Grant Agreement that constitutes the agreement between you and HUD. Please sign all three and return two of them to this office within two weeks of receipt of this letter. Keep one set for your records. Your new Voice Response Number for your renewal grant will be generated and sent to you under separate cover.

A Direct Deposit Form is also enclosed. You do not need to fill out a Direct Deposit Form unless you are going to designate a different bank from that identified for your most recent grant. If you are going to change banks, please complete Section 1 and have your financial institution complete Section 3 and return it and a voided check to the address listed in Section 2. Additional instructions are included in the enclosed Grantee Financial Instructions.

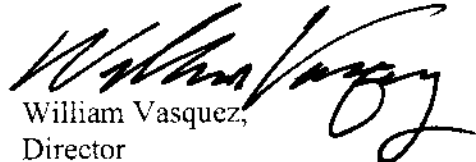
DEC 29 2003

Finally, also enclosed is a SNAPs Payment Voucher (HUD-27053A). These vouchers are no longer prenumbered, so you may duplicate this voucher for each use.

No funds can be disbursed to you until the Renewal Grant Agreement is fully executed.

If you have any questions, please contact Juanita Gutierrez, Community Planning and Development Representative at (213) 894-8000 extension 3331. We look forward to working with you toward the successful continuation of your Supportive Housing Program project.

Very sincerely yours,

A handwritten signature in black ink, appearing to read 'William Vasquez', is written over the printed name.

William Vasquez,  
Director  
Office of Community Planning  
and Development

Enclosures

## 2002 SUPPORTIVE HOUSING PROGRAM

### RENEWAL GRANT AGREEMENT

This Grant Agreement is made by and between the United States Department of Housing and Urban Development (HUD) and Los Angeles County-Dept. of Children and Family Services, the Recipient, whose Tax ID number is 95-6000927 for Project Number CA16B200016, PIN CA7015, to be located at 3530 Wilshire Blvd., 4<sup>th</sup> floor, Los Angeles, CA 90010.

The assistance which is the subject of this Grant Agreement is authorized by the McKinney-Vento Homeless Assistance Act.(hereafter "the Act") The term "grant" or "grant funds" means the assistance provided under this Agreement. This grant agreement will be governed by the Act, the Supportive Housing rule codified at 24 CFR 583, attached here to and made a part hereof as Attachment A, and the Notice of Fund Availability (NOFA) published March 26, 2002 in the Federal Register. The term "Application" means the original and renewal application submissions on the basis of which a Grant was approved by HUD, including the certifications and assurances and any information or documentation required to meet any grant award conditions. The Application is incorporated herein as part of this Agreement, however, in the event of conflict between the provisions of those documents and any provision contained herein, this Renewal Grant Agreement shall control. The Secretary agrees, subject to the terms of the Grant Agreement, to provide the grant funds in the amount specified below for the approved project described in the Application.

Although this agreement will become effective only upon the execution hereof by both parties, upon execution, the term of this agreement shall run from the end of the Recipient's final operating year under the original Grant Agreement for a period of 2 years. Eligible costs, as defined by the Act and Attachment A, incurred between the end of Recipient's final operating year under the original Grant Agreement and the execution of this Renewal Grant Agreement may be paid with funds from the first operating year of this Renewal Grant.

HUD's total fund obligation for this project is \$177,335, allocated as follows:

1. Grant for Operating	\$88,920
2. Grant for Supportive Services	\$60,265
3. Grant for Leasing	\$19,706
4. Grant for Administration	\$8,444

The Recipient must provide a 25 percent cash match for supportive services pursuant to HUD's FY 2002 Appropriations Act.



The Recipient agrees to comply with all requirements of this Grant Agreement and to accept responsibility for such compliance by any entities to which it makes grant funds available.

HUD notifications to the Recipient shall be to the address of the Recipient as written above, unless HUD is otherwise advised in writing. Recipient notifications to HUD shall be to the HUD Field Office executing the Grant Agreement. No right, benefit, or advantage of the Recipient hereunder be assigned without prior written approval of HUD.

For any project funded by this grant which is also financed through the use of the Low Income Housing Tax Credit, the following applies:

HUD recognizes that the Recipient or the project sponsor will or has financed this project through the use of the Low-Income Housing Tax Credit. The Recipient or project sponsor shall be the general partner of a limited partnership formed for that purpose. If grant funds were used for acquisition, rehabilitation or construction, then, throughout a period of twenty years from the date of initial occupancy or the initial service provision, the Recipient or project sponsor shall continue as general partner and shall ensure that the project is operated in accordance with the requirements of this Grant Agreement, the applicable regulations and statutes. Further, the said limited partnership shall own the project site throughout that twenty-year period. If grant funds were not used for acquisition, rehabilitation or new construction, then the period shall not be twenty years, but shall be for the term of the grant agreement and any renewal thereof. Failure to comply with the terms of this paragraph shall constitute a default under the Grant Agreement.

A default shall consist of any use of grant funds for a purpose other than as authorized by this Grant Agreement, failure in the Recipient's duty to provide the supportive housing for the minimum term in accordance with the requirements of Attachment A, noncompliance with the Act or Attachment A provisions, any other material breach of the Grant Agreement, or misrepresentations in the application submissions which, if known by HUD, would have resulted in this grant not being provided. Upon due notice to the Recipient of the occurrence of any such default and the provision of a reasonable opportunity to respond, HUD may take one or more of the following actions:

- (a) direct the Recipient to submit progress schedules for completing approved activities; or
- (b) issue a letter of warning advising the Recipient of the default, establishing a date by which corrective actions must be completed and putting the Recipient on notice that more serious actions will be taken if the default is not corrected or is repeated; or
- (c) direct the Recipient to establish and maintain a management plan that assigns responsibilities for carrying out remedial actions; or
- (d) direct the Recipient to suspend, discontinue or not incur costs for the affected activity; or

- (e) reduce or recapture the grant; or
- (f) direct the Recipient to reimburse the program accounts for costs inappropriately charged to the program; or
- (g) continue the grant with a substitute recipient of HUD's choosing; or
- (h) other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions and any other available remedies.

No delay or omission by HUD in exercising any right or remedy available to it under this Grant Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any Recipient default.

For each operating year in which funding is received, the Recipient shall file annual certifications with HUD that the supportive housing has been provided in accordance with the requirements of the Grant Agreement.

This Grant Agreement constitutes the entire agreement between the parties hereto, and may be amended only in writing executed by HUD and the Recipient. More specifically, the Recipient shall not change recipients, location, services, or population to be served nor shift more than 10 percent of funds from one approved type of activity to another, or make any other significant change, without the prior written approval of HUD.

## SIGNATURES

This Grant Agreement is hereby executed as follows:

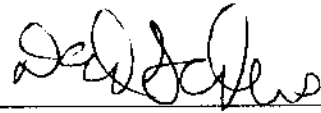
**UNITED STATES OF AMERICA**  
**Secretary of Housing and Urban Development**

By:  12-22-03  
Signature and Date

William Vasquez  
Director  
Office of Community Planning and Development

## RECIPIENT

Los Angeles County-Dept. of Children and Family Services

By:  6-17-04  
Authorized Signature and Date

David Sanders, PhD  
Director

[Code of Federal Regulations]  
[Title 24, Volume 3]  
[Revised as of April 1, 2002]  
From the U.S. Government Printing Office via GPO Access  
[CITE: 24CFR583]

[Page 248-249]

## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart A--General

###### Sec. 583.1 Purpose and scope.

(a) General. The Supportive Housing Program is authorized by title IV of the Stewart B. McKinney Homeless Assistance Act (the McKinney Act) (42 U.S.C. 11381-11389). The Supportive Housing program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible.

(b) Components. Funds under this part may be used for:

- (1) Transitional housing to facilitate the movement of homeless individuals and families to permanent housing;
- (2) Permanent housing that provides long-term housing for homeless persons with disabilities;
- (3) Housing that is, or is part of, a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless persons; or
- (4) Supportive services for homeless persons not provided in conjunction with supportive housing.

[56 FR 13871, Mar. 13, 1993, as amended at 61 FR 51175, Sept. 30, 1996]

###### Sec. 583.5 Definitions.

As used in this part:

Applicant is defined in section 422(1) of the McKinney Act (42 U.S.C. 11382(1)). For purposes of this definition, governmental entities include those that have general governmental powers (such as a city or county), as well as those that have limited or special powers (such as public housing agencies).

Consolidated plan means the plan that a jurisdiction prepares and submits to HUD in accordance with 24 CFR part 91.

Date of initial occupancy means the date that the supportive housing is initially occupied by a homeless person for whom HUD provides assistance under this part. If the assistance is for an existing homeless facility, the date of initial occupancy is the date that services are first provided to the residents of supportive housing with funding under this part.

Date of initial service provision means the date that supportive services are initially provided with funds under this part to homeless persons who do not reside in supportive housing. This definition applies only to projects funded under this part that do not provide supportive housing.

Disability is defined in section 422(2) of the McKinney Act (42 U.S.C. 11382(2)).

Homeless person means an individual or family that is described in section 103 of the McKinney Act (42 U.S.C. 11302).

Metropolitan city is defined in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)). In general, metropolitan cities are those cities that are eligible for an entitlement grant under 24 CFR part 570, **subpart D**.

New construction means the building of a structure where none existed or an addition to an existing structure that increases the floor area by more than 100 percent.

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Operating costs is defined in section 422(5) of the McKinney Act (42 U.S.C. 11382(5)).

Outpatient health services is defined in section 422(6) of the McKinney Act (42 U.S.C. 11382(6)).

Permanent housing for homeless persons with disabilities is defined in section 424(c) of the McKinney Act (42 U.S.C. 11384(c)).

Private nonprofit organization is defined in section 422(7) (A), (B), and (D) of the McKinney Act (42 U.S.C. 11382(7) (A), (B), and (D)). The organization must also have a functioning accounting system that is operated in accordance with generally accepted accounting principles, or designate an entity that will maintain a functioning accounting system for the organization in accordance with generally accepted accounting principles.

Project is defined in sections 422(8) and 424(d) of the McKinney Act (42 U.S.C. 11382(8), 11384(d)).

Recipient is defined in section 422(9) of the McKinney Act (42 U.S.C. 11382(9)).

Rehabilitation means the improvement or repair of an existing structure or an addition to an existing structure that does not increase the floor area by more than 100 percent. Rehabilitation does not include minor or routine repairs.

State is defined in section 422(11) of the McKinney Act (42 U.S.C. 11382(11)).

Supportive housing is defined in section 424(a) of the McKinney Act (42 U.S.C. 11384(a)).

Supportive services is defined in section 425 of the McKinney Act (42 U.S.C. 11385).

Transitional housing is defined in section 424(b) of the McKinney Act (42 U.S.C. 11384(b)). See also Sec. 583.300(g).

Tribe is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

Urban county is defined in section 102(a)(6) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6)). In general, urban counties are those counties that are eligible for an entitlement grant under 24 CFR part 570, **subpart D**.

[61 FR 51175, Sept. 30, 1996]

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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart B--Assistance Provided

##### Sec. 583.100 Types and uses of assistance.

(a) Grant assistance. Assistance in the form of grants is available for acquisition of structures, rehabilitation of structures, acquisition and rehabilitation of structures, new construction, leasing, operating costs for supportive housing, and supportive services, as described in Secs. 583.105 through 583.125. Applicants may apply for more than one type of assistance.

(b) Uses of grant assistance. Grant assistance may be used to:

(1) Establish new supportive housing facilities or new facilities to provide supportive services;

(2) Expand existing facilities in order to increase the number of homeless persons served;

(3) Bring existing facilities up to a level that meets State and local government health and safety standards;

(4) Provide additional supportive services for residents of supportive housing or for homeless persons not residing in supportive housing;

(5) Purchase HUD-owned single family properties currently leased by the applicant for use as a homeless facility under 24 CFR part 291; and

(6) Continue funding supportive housing where the recipient has received funding under this part for leasing, supportive services, or operating costs.

(c) Structures used for multiple purposes. Structures used to provide supportive housing or supportive services may also be used for other purposes, except that assistance under this part will be available only in proportion to the use of the structure for supportive housing or supportive services.

(d) Technical assistance. HUD may offer technical assistance, as described in Sec. 583.140.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

##### Sec. 583.105 Grants for acquisition and rehabilitation.

(a) Use. HUD will grant funds to recipients to:

(1) Pay a portion of the cost of the acquisition of real property selected by the recipients for use in the provision of supportive housing or supportive services, including the repayment of

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any outstanding debt on a loan made to purchase property that has not been used previously as supportive housing or for supportive services;

(2) Pay a portion of the cost of rehabilitation of structures, including cost-effective energy measures, selected by the recipients to provide supportive housing or supportive services; or

(3) Pay a portion of the cost of acquisition and rehabilitation of

structures, as described in paragraphs (a)(1) and (2) of this section.

(b) Amount. The maximum grant available for acquisition, rehabilitation, or acquisition and rehabilitation is the lower of:

- (1) \$200,000; or
- (2) The total cost of the acquisition, rehabilitation, or acquisition and rehabilitation minus the applicant's contribution toward the cost.

(c) Increased amounts. In areas determined by HUD to have high acquisition and rehabilitation costs, grants of more than \$200,000, but not more than \$400,000, may be available.

#### Sec. 583.110 Grants for new construction.

(a) Use. HUD will grant funds to recipients to pay a portion of the cost of new construction, including cost-effective energy measures and the cost of land associated with that construction, for use in the provision of supportive housing. If the grant funds are used for new construction, the applicant must demonstrate that the costs associated with new construction are substantially less than the costs associated with rehabilitation or that there is a lack of available appropriate units that could be rehabilitated at a cost less than new construction. For purposes of this cost comparison, costs associated with rehabilitation or new construction may include the cost of real property acquisition.

(b) Amount. The maximum grant available for new construction is the lower of:

- (1) \$400,000; or
- (2) The total cost of the new construction, including the cost of land associated with that construction, minus the applicant's contribution toward the cost of same.

#### Sec. 583.115 Grants for leasing.

(a) General. HUD will provide grants to pay (as described in Sec. 583.130 of this part) for the actual costs of leasing a structure or structures, or portions thereof, used to provide supportive housing or supportive services for up to five years.

(b)(1) Leasing structures. Where grants are used to pay rent for all or part of structures, the rent paid must be reasonable in relation to rents being charged in the area for comparable space. In addition, the rent paid may not exceed rents currently being charged by the same owner for comparable space.

(2) Leasing individual units. Where grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units, taking into account the location, size, type, quality, amenities, facilities, and management services. In addition, the rents may not exceed rents currently being charged by the same owner for comparable unassisted units, and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents. Recipients may use grant funds in an amount up to one month's rent to pay the non-recipient landlord for any damages to leased units by homeless participants.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

#### Sec. 583.120 Grants for supportive services costs.

(a) General. HUD will provide grants to pay (as described in Sec. 583.130 of this part) for the actual costs of supportive services for homeless persons for up to five years. All or part of the supportive services may be provided directly by the recipient or by arrangement with public or private service providers.

(b) Supportive services costs. Costs associated with providing supportive services include salaries paid to providers of supportive services and any other costs directly associated with providing such

services. For a transitional housing project, supportive services costs also include the costs of services provided to former residents of

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transitional housing to assist their adjustment to independent living. Such services may be provided for up to six months after they leave the transitional housing facility.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36891, July 19, 1994]

Sec. 583.125 Grants for operating costs.

(a) General. HUD will provide grants to pay a portion (as described in Sec. 583.130) of the actual operating costs of supportive housing for up to five years.

(b) Operating costs. Operating costs are those associated with the day-to-day operation of the supportive housing. They also include the actual expenses that a recipient incurs for conducting on-going assessments of the supportive services needed by residents and the availability of such services; relocation assistance under Sec. 583.310, including payments and services; and insurance.

(c) Recipient match requirement for operating costs. Assistance for operating costs will be available for up to 75 percent of the total cost in each year of the grant term. The recipient must pay the percentage of the actual operating costs not funded by HUD. At the end of each operating year, the recipient must demonstrate that it has met its match requirement of the costs for that year.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51175, Sept. 30, 1996; 65 FR 36823, May 12, 2000]

Sec. 583.130 Commitment of grant amounts for leasing, supportive services, and operating costs.

Upon execution of a grant agreement covering assistance for leasing, supportive services, or operating costs, HUD will obligate amounts for a period not to exceed five operating years. The total amount obligated will be equal to an amount necessary for the specified years of operation, less the recipient's share of operating costs.

(Approved by the Office of Management and Budget under OMB control number 2506-0112)

[59 FR 36891, July 19, 1994]

Sec. 583.135 Administrative costs.

(a) General. Up to five percent of any grant awarded under this part may be used for the purpose of paying costs of administering the assistance.

(b) Administrative costs. Administrative costs include the costs associated with accounting for the use of grant funds, preparing reports for submission to HUD, obtaining program audits, similar costs related to administering the grant after the award, and staff salaries associated with these administrative costs. They do not include the costs of carrying out eligible activities under Secs. 583.105 through 583.125.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 51175, Sept. 30, 1996]

Sec. 583.140 Technical assistance.

(a) General. HUD may set aside funds annually to provide technical assistance, either directly by HUD staff or indirectly through third-



party providers, for any supportive housing project. This technical assistance is for the purpose of promoting the development of supportive housing and supportive services as part of a continuum of care approach, including innovative approaches to assist homeless persons in the transition from homelessness, and promoting the provision of supportive housing to homeless persons to enable them to live as independently as possible.

(b) Uses of technical assistance. HUD may use these funds to provide technical assistance to prospective applicants, applicants, recipients, or other providers of supportive housing or services for homeless persons, for supportive housing projects. The assistance may include, but is not limited to, written information such as papers, monographs, manuals, guides, and brochures; person-to-person exchanges; and training and related costs.

(c) Selection of providers. From time to time, as HUD determines the need, HUD may advertise and competitively select providers to deliver technical assistance. HUD may enter into contracts, grants, or cooperative agreements, when necessary, to implement the technical assistance.

[59 FR 36892, July 19, 1994]

#### Sec. 583.145 Matching requirements.

(a) General. The recipient must match the funds provided by HUD for

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grants for acquisition, rehabilitation, and new construction with an equal amount of funds from other sources.

(b) Cash resources. The matching funds must be cash resources provided to the project by one or more of the following: the recipient, the Federal government, State and local governments, and private resources.

(c) Maintenance of effort. State or local government funds used in the matching contribution are subject to the maintenance of effort requirements described at Sec. 583.150(a).

#### Sec. 583.150 Limitations on use of assistance.

(a) Maintenance of effort. No assistance provided under this part (or any State or local government funds used to supplement this assistance) may be used to replace State or local funds previously used, or designated for use, to assist homeless persons.

(b) Primarily religious organizations-- (1) Provision of assistance.

(i) HUD will provide assistance to a recipient that is a primarily religious organization if the organization agrees to provide housing and supportive services in a manner that is free from religious influences and in accordance with the following principles:

(A) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

(B) It will not discriminate against any person applying for housing or supportive services on the basis of religion and will not limit such housing or services or give preference to persons on the basis of religion;

(C) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of housing and supportive services.

(ii) HUD will provide assistance to a recipient that is a primarily religious organization if the assistance will not be used by the organization to construct a structure, acquire a structure or to rehabilitate a structure owned by the organization, except as described in paragraph (c)(2) of this section.

(2) Rehabilitation of structures owned by a primarily religious organization. Rehabilitation grants may be used to rehabilitate a structure owned by a primarily religious organization, if the following conditions are met:

(i) The structure (or portion of the structure) that is to be rehabilitated with HUD assistance has been leased to a recipient that is an existing or newly established wholly secular organization (which may be established by the primarily religious organization under the provisions of paragraph (c)(3) of this section);

(ii) The HUD assistance is provided to the wholly secular organization (and not the primarily religious organization) to make the improvements;

(iii) The leased structure will be used exclusively for secular purposes available to all persons regardless of religion;

(iv) The lease payments paid to the primarily religious organization do not exceed the fair market rent of the structure before the rehabilitation was done;

(v) The portion of the cost of any improvements that benefit any unleased portion of the structure will be allocated to, and paid for by, the primarily religious organization;

(vi) The primarily religious organization agrees that, if the recipient does not retain the use of the leased premises for wholly secular purposes for the useful life of the improvements, the primarily religious organization will pay an amount equal to the residual value of the improvements to the secular organization, and the secular organization will remit the amount to HUD.

(3) Assistance to a wholly secular private nonprofit organization established by a primarily religious organization. (i) A primarily religious organization may establish a wholly secular private nonprofit organization to serve as a recipient. The wholly secular organization may be eligible to receive other forms of assistance available under this part.

(A) The wholly secular organization must agree to provide housing and supportive services in a manner that is free from religious influences and in accordance with the principles set

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forth in paragraph (c)(1)(i) of this section.

(B) The wholly secular organization may enter into a contract with the primarily religious organization to operate the supportive housing or to provide supportive services for the residents. In such a case, the primarily religious organization must agree in the contract to carry out its contractual responsibilities in a manner free from religious influences and in accordance with the principles set forth in paragraph (c)(1)(i) of this section.

(C) The rehabilitation grants are subject to the requirements of paragraph (c)(2) of this section.

(ii) HUD will not require the primarily religious organization to establish the wholly secular organization before the selection of its application. In such a case, the primarily religious organization may apply on behalf of the wholly secular organization. The application will be reviewed on the basis of the primarily religious organization's financial responsibility and capacity, and its commitment to provide appropriate resources to the wholly secular organization after formation. The requirement with regard to site control, described in Sec. 583.320, may be satisfied if the primarily religious organization demonstrates site control and a commitment to transfer control of the site to the wholly secular organization after its formation. If such an application is selected for funding, the obligation of funds will be conditioned upon the establishment of a wholly secular organization that meets the definition of private nonprofit organization in Sec. 583.5.

(c) Participant control of site. Where an applicant does not propose to have control of a site or sites but rather proposes to assist a homeless family or individual in obtaining a lease, which may include

assistance with rent payments and receiving supportive services, after which time the family or individual remains in the same housing without further assistance under this part, that applicant may not request assistance for acquisition, rehabilitation, or new construction.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1993]

Sec. 583.155 Consolidated plan.

(a) Applicants that are States or units of general local government. The applicant must have a HUD-approved complete or abbreviated consolidated plan, in accordance with 24 CFR part 91, and must submit a certification that the application for funding is consistent with the HUD-approved consolidated plan. Funded applicants must certify in a grant agreement that they are following the HUD-approved consolidated plan.

(b) Applicants that are not States or units of general local government. The applicant must submit a certification by the jurisdiction in which the proposed project will be located that the applicant's application for funding is consistent with the jurisdiction's HUD-approved consolidated plan. The certification must be made by the unit of general local government or the State, in accordance with the consistency certification provisions of the consolidated plan regulations, 24 CFR part 91, **subpart F**.

(c) Indian tribes and the Insular Areas of Guam, the U.S. Virgin Islands, American Samoa, and the Northern Mariana Islands. These entities are not required to have a consolidated plan or to make consolidated plan certifications. An application by an Indian tribe or other applicant for a project that will be located on a reservation of an Indian tribe will not require a certification by the tribe or the State. However, where an Indian tribe is the applicant for a project that will not be located on a reservation, the requirement for a certification under paragraph (b) of this section will apply.

(d) Timing of consolidated plan certification submissions. Unless otherwise set forth in the NOFA, the required certification that the application for funding is consistent with the HUD-approved consolidated plan must be submitted

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by the funding application submission deadline announced in the NOFA.

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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart C--Application and Grant Award Process

##### Sec. 583.200 Application and grant award.

When funds are made available for assistance, HUD will publish a notice of funding availability (NOFA) in the Federal Register, in accordance with the requirements of 24 CFR part 4. HUD will review and screen applications in accordance with the requirements in section 426 of the McKinney Act (42 U.S.C. 11386) and the guidelines, rating criteria, and procedures published in the NOFA.

[61 FR 51176, Sept. 30, 1996]

##### Sec. 583.230 Environmental review.

(a) Generally, Project selection is subject to completion of an environmental review of the proposed site, and the project may be modified or the site rejected as a result of that review. The environmental effects must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4320) (NEPA) and the related environmental laws and authorities listed in HUD's implementing regulations at 24 CFR part 50 or 58, depending on who is responsible for environmental review.

(b) Environmental review by HUD. HUD will perform an environmental review, in accordance with part 50 of this title, before approval of conditionally selected applications received directly from private nonprofit organizations and governmental entities with special or limited purpose powers. Any application subject to environmental review by HUD that requires an Environmental Impact Statement (EIS) in accordance with the procedures in 24 CFR part 50, **subpart E**, will not be eligible for assistance under this part.

(c) Environmental review by applicants. Applicants that are States, metropolitan cities, urban counties, tribes, or other governmental entities with general purpose powers must assume responsibility for environmental review, decisionmaking, and action for each application for assistance in accordance with part 58 of this title. These applicants must include in their applications an assurance that they will assume all the environmental review responsibility that would otherwise be performed by HUD as the responsible Federal official under NEPA and related authorities listed in 24 CFR part 58. The grant award is subject to completion of the environmental responsibilities set out in 24 CFR part 58 within a reasonable time period after notification of the award. Applicants may, however, enclose an environmental certification and Request for Release of Funds with their applications.

[61 FR 51176, Sept. 30, 1996]

##### Sec. 583.235 Renewal grants.

(a) General. Grants made under this part, and grants made under

subtitles C and D (the Supportive Housing Demonstration and SAFAH, respectively) of the Stewart B. McKinney Homeless Assistance Act as in effect before October 28, 1992, may be renewed on a noncompetitive basis to continue ongoing leasing, operations, and supportive services for additional years beyond the initial funding period. To be considered for renewal funding for leasing, operating costs, or supportive services, recipients must submit a request for such funding in the form specified by HUD, must meet the requirements of this part, and must submit requests within the time period established by HUD.

(b) Assistance available. The first renewal will be for a period of time not to exceed the difference between the end of the initial funding period and ten years from the date of initial occupancy or the date of initial service provision, as applicable. Any subsequent renewal will be for a period of time not to exceed five years. Assistance during each year of the renewal period, subject to maintenance of effort requirements under Sec. 583.150(a) may be for:

- (1) Up to 50 percent of the actual operating and leasing costs in the final year of the initial funding period;
- (2) Up to the amount of HUD assistance for supportive services in the final year of the initial funding period; and
- (3) An allowance for cost increases.

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(c) HUD review. (1) HUD will review the request for renewal and will evaluate the recipient's performance in previous years against the plans and goals established in the initial application for assistance, as amended. HUD will approve the request for renewal unless the recipient proposes to serve a population that is not homeless, or the recipient has not shown adequate progress as evidenced by an unacceptably slow expenditure of funds, or the recipient has been unsuccessful in assisting participants in achieving and maintaining independent living. In determining the recipient's success in assisting participants to achieve and maintain independent living, consideration will be given to the level and type of problems of participants. For recipients with a poor record of success, HUD will also consider the recipient's willingness to accept technical assistance and to make changes suggested by technical assistance providers. Other factors which will affect HUD's decision to approve a renewal request include the following: a continuing history of inadequate financial management accounting practices, indications of mismanagement on the part of the recipient, a drastic reduction in the population served by the recipient, program changes made by the recipient without prior HUD approval, and loss of project site.

(2) HUD reserves the right to reject a request from any organization with an outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed to, or whose response to an audit finding is overdue or unsatisfactory.

(3) HUD will notify the recipient in writing that the request has been approved or disapproved.

(Approved by the Office of Management and Budget under control number 2506-0112)

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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart D--Program Requirements

##### Sec. 583.300 General operation.

(a) State and local requirements. Each recipient of assistance under this part must provide housing or services that are in compliance with all applicable State and local housing codes, licensing requirements, and any other requirements in the jurisdiction in which the project is located regarding the condition of the structure and the operation of the housing or services.

(b) Habitability standards. Except for such variations as are proposed by the recipient and approved by HUD, supportive housing must meet the following requirements:

(1) Structure and materials. The structures must be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the residents from the elements.

(2) Access. The housing must be accessible and capable of being utilized without unauthorized use of other private properties. Structures must provide alternate means of egress in case of fire.

(3) Space and security. Each resident must be afforded adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.

(4) Interior air quality. Every room or space must be provided with natural or mechanical ventilation. Structures must be free of pollutants in the air at levels that threaten the health of residents.

(5) Water supply. The water supply must be free from contamination.

(6) Sanitary facilities. Residents must have access to sufficient sanitary facilities that are in proper operating condition, may be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

(7) Thermal environment. The housing must have adequate heating and/or cooling facilities in proper operating condition.

(8) Illumination and electricity. The housing must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of residents. Sufficient electrical sources must be provided to permit use of essential electrical appliances while assuring safety from fire.

(9) Food preparation and refuse disposal. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner.

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(10) Sanitary condition. The housing and any equipment must be maintained in sanitary condition.

(11) Fire safety. (i) Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing-impaired persons, smoke detectors must have an alarm

system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

(ii) The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

(c) Meals. Each recipient of assistance under this part who provides supportive housing for homeless persons with disabilities must provide meals or meal preparation facilities for residents.

(d) Ongoing assessment of supportive services. Each recipient of assistance under this part must conduct an ongoing assessment of the supportive services required by the residents of the project and the availability of such services, and make adjustments as appropriate.

(e) Residential supervision. Each recipient of assistance under this part must provide residential supervision as necessary to facilitate the adequate provision of supportive services to the residents of the housing throughout the term of the commitment to operate supportive housing. Residential supervision may include the employment of a full- or part-time residential supervisor with sufficient knowledge to provide or to supervise the provision of supportive services to the residents.

(f) Participation of homeless persons. (1) Each recipient must provide for the participation of homeless persons as required in section 426(g) of the McKinney Act (42 U.S.C. 11386(g)). This requirement is waived if an applicant is unable to meet it and presents a plan for HUD approval to otherwise consult with homeless or formerly homeless persons in considering and making policies and decisions. See also Sec. 583.330(e).

(2) Each recipient of assistance under this part must, to the maximum extent practicable, involve homeless individuals and families, through employment, volunteer services, or otherwise, in constructing, rehabilitating, maintaining, and operating the project and in providing supportive services for the project.

(g) Records and reports. Each recipient of assistance under this part must keep any records and make any reports (including those pertaining to race, ethnicity, gender, and disability status data) that HUD may require within the timeframe required.

(h) Confidentiality. Each recipient that provides family violence prevention or treatment services must develop and implement procedures to ensure:

(1) The confidentiality of records pertaining to any individual services; and

(2) That the address or location of any project assisted will not be made public, except with written authorization of the person or persons responsible for the operation of the project.

(i) Termination of housing assistance. The recipient may terminate assistance to a participant who violates program requirements. Recipients should terminate assistance only in the most severe cases. Recipients may resume assistance to a participant whose assistance was previously terminated. In terminating assistance to a participant, the recipient must provide a formal process that recognizes the rights of individuals receiving assistance to due process of law. This process, at a minimum, must consist of:

(1) Written notice to the participant containing a clear statement of the reasons for termination;

(2) A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and

(3) Prompt written notice of the final decision to the participant.

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(j) Limitation of stay in transitional housing. A homeless individual or family may remain in transitional housing for a period

longer than 24 months, if permanent housing for the individual or family has not been located or if the individual or family requires additional time to prepare for independent living. However, HUD may discontinue assistance for a transitional housing project if more than half of the homeless individuals or families remain in that project longer than 24 months.

(k) Outpatient health services. Outpatient health services provided by the recipient must be approved as appropriate by HUD and the Department of Health and Human Services (HHS). Upon receipt of an application that proposes the provision of outpatient health services, HUD will consult with HHS with respect to the appropriateness of the proposed services.

(l) Annual assurances. Recipients who receive assistance only for leasing, operating costs or supportive services costs must provide an annual assurance for each year such assistance is received that the project will be operated for the purpose specified in the application.

(Approved by the Office of Management and Budget under control number 2506-0112)

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994; 61 FR 51176, Sept. 30, 1996]

Sec. 583.305 Term of commitment; repayment of grants; prevention of undue benefits.

(a) Term of commitment and conversion. Recipients must agree to operate the housing or provide supportive services in accordance with this part and with sections 423 (b)(1) and (b)(3) of the McKinney Act (42 U.S.C. 11383(b)(1), 11383(b)(3)).

(b) Repayment of grant and prevention of undue benefits. In accordance with section 423(c) of the McKinney Act (42 U.S.C. 11383(c)), HUD will require recipients to repay the grant unless HUD has authorized conversion of the project under section 423(b)(3) of the McKinney Act (42 U.S.C. 11383(b)(3)).

[61 FR 51176, Sept. 30, 1996]

Sec. 583.310 Displacement, relocation, and acquisition.

(a) Minimizing displacement. Consistent with the other goals and objectives of this part, recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of supportive housing assisted under this part.

(b) Relocation assistance for displaced persons. A displaced person (defined in paragraph (f) of this section) must be provided relocation assistance at the levels described in, and in accordance with, the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR part 24.

(c) Real property acquisition requirements. The acquisition of real property for supportive housing is subject to the URA and the requirements described in 49 CFR part 24, **subpart B**.

(d) Responsibility of recipient. (1) The recipient must certify (i.e., provide assurance of compliance) that it will comply with the URA, the regulations at 49 CFR part 24, and the requirements of this section, and must ensure such compliance notwithstanding any third party's contractual obligation to the recipient to comply with these provisions.

(2) The cost of required relocation assistance is an eligible project cost in the same manner and to the same extent as other project costs. Such costs also may be paid for with local public funds or funds available from other sources.

(3) The recipient must maintain records in sufficient detail to



demonstrate compliance with provisions of this section.

(e) Appeals. A person who disagrees with the recipient's determination concerning whether the person qualifies as a "displaced person," or the amount of relocation assistance for which the person is eligible, may file a written appeal of that determination with the recipient. A low-income person who is dissatisfied with the recipient's determination on his or her appeal may submit a written request for review of that determination to the HUD field office.

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(f) Definition of displaced person. (1) For purposes of this section, the term "displaced person" means a person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves personal property from real property permanently as a direct result of acquisition, rehabilitation, or demolition for supportive housing projects assisted under this part. The term "displaced person" includes, but may not be limited to:

(i) A person that moves permanently from the real property after the property owner (or person in control of the site) issues a vacate notice, or refuses to renew an expiring lease in order to evade the responsibility to provide relocation assistance, if the move occurs on or after the date the recipient submits to HUD the application or application amendment designating the project site.

(ii) Any person, including a person who moves before the date described in paragraph (f)(1)(i) of this section, if the recipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the assisted project.

(iii) A tenant-occupant of a dwelling unit who moves permanently from the building/complex on or after the date of the "initiation of negotiations" (see paragraph (g) of this section) if the move occurs before the tenant has been provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building/complex, under reasonable terms and conditions, upon completion of the project. Such reasonable terms and conditions must include a monthly rent and estimated average monthly utility costs that do not exceed the greater of:

(A) The tenant's monthly rent before the initiation of negotiations and estimated average utility costs, or

(B) 30 percent of gross household income. If the initial rent is at or near the maximum, there must be a reasonable basis for concluding at the time the project is initiated that future rent increases will be modest.

(iv) A tenant of a dwelling who is required to relocate temporarily, but does not return to the building/complex, if either:

(A) A tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, or

(B) Other conditions of the temporary relocation are not reasonable.

(v) A tenant of a dwelling who moves from the building/complex permanently after he or she has been required to move to another unit in the same building/complex, if either:

(A) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or

(B) Other conditions of the move are not reasonable.

(2) Notwithstanding the provisions of paragraph (f)(1) of this section, a person does not qualify as a "displaced person" (and is not eligible for relocation assistance under the URA or this section), if:

(i) The person has been evicted for serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable Federal, State, or local or tribal law, or other good cause, and HUD determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance;

(ii) The person moved into the property after the submission of the application and, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the

person (e.g., the person may be displaced, temporarily relocated, or suffer a rent increase) and the fact that the person would not qualify as a "displaced person" (or for any assistance provided under this section), if the project is approved;

(iii) The person is ineligible under 49 CFR 24.2(g)(2); or

(iv) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(3) The recipient may request, at any time, HUD's determination of whether a displacement is or would be covered under this section.

(g) Definition of initiation of negotiations. For purposes of determining the

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formula for computing the replacement housing assistance to be provided to a residential tenant displaced as a direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, the term "initiation of negotiations" means the execution of the agreement between the recipient and HUD.

(h) Definition of project. For purposes of this section, the term "project" means an undertaking paid for in whole or in part with assistance under this part. Two or more activities that are integrally related, each essential to the others, are considered a single project, whether or not all component activities receive assistance under this part.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994]

#### Sec. 583.315 Resident rent.

(a) Calculation of resident rent. Each resident of supportive housing may be required to pay as rent an amount determined by the recipient which may not exceed the highest of:

(1) 30 percent of the family's monthly adjusted income (adjustment factors include the number of people in the family, age of family members, medical expenses and child care expenses). The calculation of the family's monthly adjusted income must include the expense deductions provided in 24 CFR 5.613(a), and for persons with disabilities, the calculation of the family's monthly adjusted income also must include the disallowance of earned income as provided in 24 CFR 5.617, if applicable;

(2) 10 percent of the family's monthly gross income; or

(3) If the family is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the family's actual housing costs, is specifically designated by the agency to meet the family's housing costs, the portion of the payment that is designated for housing costs.

(b) Use of rent. Resident rent may be used in the operation of the project or may be reserved, in whole or in part, to assist residents of transitional housing in moving to permanent housing.

(c) Fees. In addition to resident rent, recipients may charge residents reasonable fees for services not paid with grant funds.

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 36892, July 19, 1994;  
66 FR 6225, Jan. 19, 2001]

#### Sec. 583.320 Site control.

(a) Site control. (1) Where grant funds will be used for acquisition, rehabilitation, or new construction to provide supportive housing or supportive services, or where grant funds will be used for operating costs of supportive housing, or where grant funds will be used to provide supportive services except where an applicant will provide services at sites not operated by the applicant, an applicant must demonstrate site control before HUD will execute a grant agreement

(e.g., through a deed, lease, executed contract of sale). If such site control is not demonstrated within one year after initial notification of the award of assistance under this part, the grant will be deobligated as provided in paragraph (c) of this section.

(2) Where grant funds will be used to lease all or part of a structure to provide supportive housing or supportive services, or where grant funds will be used to lease individual housing units for homeless persons who will eventually control the units, site control need not be demonstrated.

(b) Site change. (1) A recipient may obtain ownership or control of a suitable site different from the one specified in its application. Retention of an assistance award is subject to the new site's meeting all requirements under this part for suitable sites.

(2) If the acquisition, rehabilitation, acquisition and rehabilitation, or new construction costs for the substitute site are greater than the amount of the grant awarded for the site specified in the application, the recipient must provide for all additional costs. If the recipient is unable to demonstrate to HUD that it is able to provide for the difference in costs, HUD may deobligate the award of assistance.

(c) Failure to obtain site control within one year. HUD will recapture or deobligate any award for assistance under this part if the recipient is not in

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control of a suitable site before the expiration of one year after initial notification of an award.

#### Sec. 583.325 Nondiscrimination and equal opportunity requirements.

(a) General. Notwithstanding the permissibility of proposals that serve designated populations of disabled homeless persons, recipients serving a designated population of disabled homeless persons are required, within the designated population, to comply with these requirements for nondiscrimination on the basis of race, color, religion, sex, national origin, age, familial status, and disability.

(b) Nondiscrimination and equal opportunity requirements. The nondiscrimination and equal opportunity requirements set forth at part 5 of this title apply to this program. The Indian Civil Rights Act (25 U.S.C. 1301 et seq.) applies to tribes when they exercise their powers of self-government, and to Indian housing authorities (IHAs) when established by the exercise of such powers. When an IHA is established under State law, the applicability of the Indian Civil Rights Act will be determined on a case-by-case basis. Projects subject to the Indian Civil Rights Act must be developed and operated in compliance with its provisions and all implementing HUD requirements, instead of title VI and the Fair Housing Act and their implementing regulations.

(c) Procedures. (1) If the procedures that the recipient intends to use to make known the availability of the supportive housing are unlikely to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or handicap who may qualify for admission to the housing, the recipient must establish additional procedures that will ensure that such persons can obtain information concerning availability of the housing.

(2) The recipient must adopt procedures to make available information on the existence and locations of facilities and services that are accessible to persons with a handicap and maintain evidence of implementation of the procedures.

(d) Accessibility requirements. The recipient must comply with the new construction accessibility requirements of the Fair Housing Act and section 504 of the Rehabilitation Act of 1973, and the reasonable accommodation and rehabilitation accessibility requirements of section 504 as follows:

(1) All new construction must meet the accessibility requirements of 24 CFR 8.22 and, as applicable, 24 CFR 100.205.

(2) Projects in which costs of rehabilitation are 75 percent or more of the replacement cost of the building must meet the requirements of 24 CFR 8.23(a). Other rehabilitation must meet the requirements of 24 CFR 8.23(b).

[58 FR 13871, Mar. 15, 1993, as amended at 59 FR 33894, June 30, 1994; 61 FR 5210, Feb. 9, 1996; 61 FR 51176, Sept. 30, 1996]

#### Sec. 583.330 Applicability of other Federal requirements.

In addition to the requirements set forth in 24 CFR part 5, use of assistance provided under this part must comply with the following Federal requirements:

(a) Flood insurance. (1) The Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128) prohibits the approval of applications for assistance for acquisition or construction (including rehabilitation) for supportive housing located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(i) The community in which the area is situated is participating in the National Flood Insurance Program (see 44 CFR parts 59 through 79), or less than a year has passed since FEMA notification regarding such hazards; and

(ii) Flood insurance is obtained as a condition of approval of the application.

(2) Applicants with supportive housing located in an area identified by FEMA as having special flood hazards and receiving assistance for acquisition or construction (including rehabilitation) are responsible for assuring that flood insurance under the National Flood Insurance Program is obtained and maintained.

(b) The Coastal Barrier Resources Act of 1982 (16 U.S.C. 3501 et seq.) may apply to proposals under this part, depending on the assistance requested.

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(c) Applicability of OMB Circulars. The policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles Applicable to Grants, Contracts and Other Agreements with State and Local Governments) and 24 CFR part 85 apply to the award, acceptance, and use of assistance under the program by governmental entities, and OMB Circular Nos. A-110 (Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations) and A-122 (Cost Principles Applicable to Grants, Contracts and Other Agreements with Nonprofit Institutions) apply to the acceptance and use of assistance by private nonprofit organizations, except where inconsistent with the provisions of the McKinney Act, other Federal statutes, or this part. (Copies of OMB Circulars may be obtained from E.O.P. Publications, room 2200, New Executive Office Building, Washington, DC 20503, telephone (202) 395-7332. (This is not a toll-free number.) There is a limit of two free copies.

(d) Lead-based paint. The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title apply to activities under this program.

(e) Conflicts of interest. (1) In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient and who exercises or has exercised any functions or responsibilities with respect to assisted activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the

proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter. Participation by homeless individuals who also are participants under the program in policy or decisionmaking under Sec. 583.300(f) does not constitute a conflict of interest.

(2) Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (e)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the program and the effective and efficient administration of the recipient's project. An exception may be considered only after the recipient has provided the following:

(i) For States and other governmental entities, a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) For all recipients, an opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(3) In determining whether to grant a requested exception after the recipient has satisfactorily met the requirement of paragraph (e)(2) of this section, HUD will consider the cumulative effect of the following factors, where applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the project which would otherwise not be available;

(ii) Whether the person affected is a member of a group or class of eligible persons and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iii) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(iv) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (e)(1) of this section;

(v) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vi) Any other relevant considerations.

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(f) Audit. The financial management systems used by recipients under this program must provide for audits in accordance with 24 CFR part 44 or part 45, as applicable. HUD may perform or require additional audits as it finds necessary or appropriate.

(g) Davis-Bacon Act. The provisions of the Davis-Bacon Act do not apply to this program.

[58 FR 13871, Mar. 15, 1993, as amended at 61 FR 5211, Feb. 9, 1996; 64 FR 50226, Sept. 15, 1999]

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## TITLE 24--HOUSING AND URBAN DEVELOPMENT

### CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

#### PART 583--SUPPORTIVE HOUSING PROGRAM--Table of Contents

##### Subpart E--Administration

##### Sec. 583.400 Grant agreement.

(a) General. The duty to provide supportive housing or supportive services in accordance with the requirements of this part will be incorporated in a grant agreement executed by HUD and the recipient.

(b) Enforcement. HUD will enforce the obligations in the grant agreement through such action as may be appropriate, including repayment of funds that have already been disbursed to the recipient.

##### Sec. 583.405 Program changes.

(a) HUD approval. (1) A recipient may not make any significant changes to an approved program without prior HUD approval. Significant changes include, but are not limited to, a change in the recipient, a change in the project site, additions or deletions in the types of activities listed in Sec. 583.100 of this part approved for the program or a shift of more than 10 percent of funds from one approved type of activity to another, and a change in the category of participants to be served. Depending on the nature of the change, HUD may require a new certification of consistency with the consolidated plan (see Sec. 583.155).

(2) Approval for changes is contingent upon the application ranking remaining high enough after the approved change to have been competitively selected for funding in the year the application was selected.

(b) Documentation of other changes. Any changes to an approved program that do not require prior HUD approval must be fully documented in the recipient's records.

[56 FR 13871, Mar. 15, 1993, as amended at 61 FR 51176, Sept. 30, 1996]

##### Sec. 583.410 Obligation and deobligation of funds.

(a) Obligation of funds. When HUD and the applicant execute a grant agreement, funds are obligated to cover the amount of the approved assistance under **subpart B** of this part. The recipient will be expected to carry out the supportive housing or supportive services activities as proposed in the application.

(b) Increases. After the initial obligation of funds, HUD will not make revisions to increase the amount obligated.

(c) Deobligation. (1) HUD may deobligate all or parts of grants for acquisition, rehabilitation, acquisition and rehabilitation, or new construction:

(i) If the actual total cost of acquisition, rehabilitation, acquisition and rehabilitation, or new construction is less than the total cost anticipated in the application; or

(ii) If proposed activities for which funding was approved are not begun within three months or residents do not begin to occupy the

facility within nine months after grant execution.

(2) HUD may deobligate the amounts for annual leasing costs, operating costs or supportive services in any year:

(i) If the actual leasing costs, operating costs or supportive services for that year are less than the total cost anticipated in the application; or

(ii) If the proposed supportive housing operations are not begun within three months after the units are available for occupancy.

(3) The grant agreement may set forth in detail other circumstances under which funds may be deobligated, and other sanctions may be imposed.

(4) HUD may:

(i) Readvertise the availability of funds that have been deobligated under this section in a notice of fund availability under Sec. 583.200, or

(ii) Award deobligated funds to applications previously submitted in response to the most recently published

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notice of fund availability, and in accordance with **subpart C** of this part.

REFERENCES IN SMP RULE TO THE MCKINNEY ACT (42 U.S.C. 11381-11389)

§ 503.5 Definitions.

Section 422(1) of the McKinney Act (42 U.S.C. 11382(1))

(1) The term "applicant" means a State, Indian tribe, metropolitan city, urban county, governmental entity, private nonprofit organization, or community mental health association that is a public nonprofit organization, that is eligible to receive assistance under this subtitle and submits an application under section 426(a).

Section 422(2) of the McKinney Act (42 U.S.C. 11382(2))

(2) The term "disability" means--  
 (A) a disability as defined in section 223 of the Social Security Act, (B) to be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) of such a nature that such ability could be improved by more suitable housing conditions, (C) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act, or (D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.  
 Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

Section 103 of the McKinney Act (42 U.S.C. 11302)

(e) IN GENERAL.--For purposes of this Act, the term "homeless" or "homeless individual or homeless person" includes--  
 (1) An individual who lacks a fixed, regular, and adequate nighttime residence; and  
 (2) An individual who has a primary nighttime residence that is:  
 (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);  
 (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or  
 (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.  
 (b) INCOME ELIGIBILITY.--  
 (1) IN GENERAL.--A homeless individual shall be eligible for assistance under any program provided by this Act, only if the individual complies with the income eligibility requirements otherwise applicable to such program.  
 (2) EXCEPTION.--Notwithstanding paragraph (1), a homeless individual shall be eligible for assistance under the Job Training Partnership Act.  
 (c) EXCLUSION.--For purposes of this Act, the term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law.



Section 422(5) of the McKinney Act (42 U.S.C. 11382(5))	<p>(5) The term "operating costs" means expenses incurred by a recipient operating supportive housing under this subtitle with respect to--</p> <p>(A) the administration, maintenance, repair, and security of such housing;</p> <p>(B) utilities, fuel, furnishings, and equipment for such housing; and</p> <p>(C) the conducting of the assessment under section 426(c)(2).</p>
Section 422(6) of the McKinney Act (42 U.S.C. 11382(6))	<p>(6) The term "outpatient health services" means outpatient health care, outpatient mental health services, outpatient substance abuse services, and case management.</p>
Section 424(c) of the McKinney Act (42 U.S.C. 11384(c))	<p>(c) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.--For purposes of this section, the term "permanent housing for homeless persons with disabilities" means community-based housing for homeless persons with disabilities that provides long-term housing and supportive services for not more than--</p> <p>(1) 8 such persons in a single structure or contiguous structures;</p> <p>(2) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or</p> <p>(3) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integration objectives of the program within the context of the affected community.</p>
Section 422(7)(A), (B) & (D) of the McKinney Act (42 U.S.C. 11382(7)(A), (B), & (D))	<p>(7) The term "private nonprofit organization" means an organization--</p> <p>(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;</p> <p>(B) that has a voluntary board;</p> <p>(D) that practices nondiscrimination in the provision of assistance.</p>
Sections 422(8) & 424(d) of the McKinney Act (42 U.S.C. 11382(8), 11384(d))	<p>422(8) The term "project" means a structure or structures (or a portion of such structure or structures) that is acquired, rehabilitated, constructed, or leased with assistance provided under this subtitle or with respect to which the Secretary provides technical assistance or annual payments for operating costs under this subtitle, or supportive services.</p> <p>424(d) SINGLE ROOM OCCUPANCY DWELLINGS.--A project may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.</p>
Section 422(9) of the McKinney Act (42 U.S.C. 11382(9))	<p>(9) The term "recipient" means any governmental or nonprofit entity that receives assistance under this subtitle.</p>
Section 422(11) of the McKinney Act (42 U.S.C. 11382(11))	<p>(11) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau.</p>

REFERENCES IN SHP RULE TO THE "GREY ACT (42 U.S.C. 11381-11389)

<p>Sectl 4(a) of the McKinney Act (42 U.S.C. 11384(a))</p>	<p>(a) IN GENERAL. Housing providing supportive services for homeless individuals shall be considered supportive housing for purposes of this subtitle if--</p> <p>(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located; and</p> <p>(2) the housing--</p> <p>(A) is transitional housing;</p> <p>(B) is permanent housing for homeless persons with disabilities; or</p> <p>(C) is, or is a part of, a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families.</p>	<p>(a) IN GENERAL.--To the extent practicable, each project shall provide supportive services for residents of the project and homeless persons using the project, which may be designed by the recipient or participants.</p> <p>(b) REQUIREMENTS.--Supportive services provided in connection with a project shall address the special needs of individuals (such as homeless persons with disabilities and homeless families with children) intended to be served by a project.</p> <p>(c) SERVICES.--Supportive services may include such activities as (A) establishing and operating a child care services program for homeless families, (B) establishing and operating an employment assistance program, (C) providing outpatient health services, food, and case management, (D) providing assistance in obtaining permanent housing, employment counseling, and nutritional counseling; (E) providing security arrangements necessary for the protection of residents of supportive housing and for homeless persons using the housing or project, (F) providing assistance in obtaining other Federal, State, and local assistance available for such residents (including mental health benefits, employment counseling, and medical assistance, but not including major medical equipment), and (G) providing other appropriate services.</p>
<p>Section 425 of the McKinney Act (42 U.S.C. 11385)</p>	<p>(b) TRANSITIONAL HOUSING.--For purposes of this section, the term "transitional housing" means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. The Secretary may deny assistance for housing based on a violation of this subsection only if the Secretary determines that a substantial number of homeless individuals or families have remained in the housing longer than such period.</p>	<p>(b) TRANSITIONAL HOUSING.--For purposes of this section, the term "transitional housing" means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. The Secretary may deny assistance for housing based on a violation of this subsection only if the Secretary determines that a substantial number of homeless individuals or families have remained in the housing longer than such period.</p>

<p>583. application and grant award.</p>	<p>Reviewing and screening applications</p> <p>(b) SELECTION CRITERIA.--The secretary shall select applicants approved by the secretary as to financial responsibility to receive assistance under this subtitle by a national competition based on criteria established by the Secretary, which shall include--</p> <p>(1) the ability of the applicant to develop and operate a project;</p> <p>(2) the innovative quality of the proposal in providing a project;</p> <p>(3) the need for the type of project proposed by the applicant in the area to be served;</p> <p>(4) the extent to which the amount of assistance to be provided under this subtitle will be supplemented with resources from other public and private sources;</p> <p>(5) the cost-effectiveness of the proposed project;</p> <p>(6) the extent to which the applicant has demonstrated coordination with other Federal, State, local, private and other entities serving homeless persons in the planning and operation of the project, to the extent practicable; and</p> <p>(7) such other factors as the Secretary determines to be appropriate to carry out this subtitle in an effective and efficient manner.</p>
<p>583.300 General operation.</p>	<p>(g) PARTICIPATION OF HOMELESS INDIVIDUALS.--The secretary shall, by regulation, require each recipient to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policy-making entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any project, supportive services, or assistance provided under this subtitle. The secretary may grant waivers to applicants unable to meet the requirement under the preceding sentence if the applicant agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.</p>
<p>§ 583.305 Term of commitment; repayment of grants; prevention of undue benefits</p>	<p>Term of commitment; conversion of project</p> <p>(b) USE RESTRICTIONS.--</p> <p>(1) ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.--Projects assisted under subsection (a)(1) or (2) shall be operated for not less than 20 years for the purpose specified in the application.</p> <p>(3) CONVERSION.--If the secretary determines that a project is no longer needed for use as supportive housing and approves the use of the project for the direct benefit of low-income persons pursuant to a request for such use by the recipient operating the project, the Secretary may authorize the recipient to convert the project to such use.</p>

Section 426 of the McKinney Act (42 U.S.C. 11386)

Section 426(g) of the McKinney Act (42 U.S.C. 11386(g))

Sections 423(b)(1) & (b)(3) of the McKinney Act (42 U.S.C. 11383(b)(1), 11383(b)(3))

REFERENCES IN SRP RULE TO THE	ANNEY ACT (42 U.S.C. 11381-11389)
<p>Sect. 423(c) of the McKinney Act (42 U.S.C. 11383(c))</p>	<p>Repayment of grant</p> <p>(C) REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.--</p> <p>(1) REPAYMENT.-- The Secretary shall require recipients to repay 100 percent of any assistance received under subsection (a)(1) or (2) if the project ceases to be used as supportive housing within 10 years after the project is placed in service. If such project is used as supportive housing for more than 10 years, the Secretary shall reduce the percentage of the amount required to be repaid by 10 percentage points for each year in excess of 10 that the project is used as supportive housing.</p> <p>(2) PREVENTION OF UNDUE BENEFITS.--Except as provided in paragraph (3), upon any sale or other disposition of a project assisted under subsection (a)(1) or (2) occurring before the expiration of the 20-year period beginning on the date that the project is placed in service, the recipient shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient from unduly benefiting from such sale or disposition.</p> <p>(3) EXCEPTION.-- A recipient shall not be required to comply with the terms and conditions prescribed under paragraphs (1) and (2) if the sale or disposition of the project results in the use of the project for the direct benefit of very low-income persons or if all of the proceeds are used to provide supportive housing meeting the requirements of this subtitle.</p>

GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS - 61 FR 5202 (REFERENCES APPLICABLE TO SEP RULE)	
§ 5.100 Definitions	
Department	Department means the Department of Housing and Urban Development.
HUD	HUD means the same as the Department.
§ 5.110 Waivers	
Waivers	Upon determination of good cause, the Secretary may, subject to statutory limitations, waive any provision of this title and delegate this authority in accordance with section 106 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3535(g)).

**Attachment # 3**  
**Los Angeles County Chief Administrative Office**  
**Grant Management Statement for Grants \$100,000 or More**

<b>Department:</b> DCFS		
<b>Grant Project Title and Description</b> Transitional Housing for Young People		
<b>Funding Agency</b> U.S. Department of HUD	<b>Program (Fed. Grant #/State Bill or Code #)</b> McKinney Homeless Assistance Act (42 U.S.C. 11381-11389)	<b>Grant Acceptance Deadline</b> *
<b>Total Amount of Grant Funding:</b> \$546, 089 <b>County Match:</b> \$131,390  <b>Grant Period: Begin Date:</b> April 1, 2003 <b>End Date:</b> March 31, 2005  <b>Number of Personnel Hired Under This Grant:</b> 6.97 (34 THP staff salaries are prorated over 10 HUD Grants). <b>Full Time:</b> 6.97 <b>Part Time:</b> None.  <p style="text-align: center;"><u><b>Obligations Imposed on the County When the Grant Expires</b></u></p> <p>Will all personnel hired for this program be informed this is a grant-funded program? Yes <input checked="" type="checkbox"/> _____ No _____</p> <p>Will all personnel hired for this program be placed on temporary ("N") items? Yes _____ No <input checked="" type="checkbox"/> _____</p> <p>Is the County obligated to continue this program after the grant expires? Yes _____ No <input checked="" type="checkbox"/> _____</p> <p>If the County is not obligated to continue this program after the grant expires, the Department will:</p> <p>a.) Absorb the program cost without reducing other services Yes <input checked="" type="checkbox"/> _____ No _____</p>		

b.) Identify other revenue sources (describe below)

Solicit other grant and private foundation funds.

Yes X

No     

c.) Eliminate or reduce, as appropriate, positions/program costs funded by the grant.

Yes X

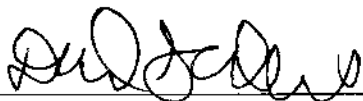
No     

**Impact of additional personnel on existing space:**

NA

**Other requirements not mentioned above:**

**\*There is no stated deadline for acceptance of this grant ; however, the first draw-down must occur before September 2004 or the grant funding will be lost.**



DAVID SANDERS, Ph.D., Director

Department of Children and Family Services

**Attachment # 4**  
**Los Angeles County Chief Administrative Office**  
**Grant Management Statement for Grants \$100,000 or More**

<b>Department:</b> DCFS		
<b>Grant Project Title and Description</b> Transitional Housing for Young People		
<b>Funding Agency</b> U.S. Department of HUD	<b>Program (Fed. Grant #/State Bill or Code #)</b> McKinney Homeless Assistance Act (42 U.S.C. 11381-11389)	<b>Grant Acceptance Deadline</b> *

**Total Amount of Grant Funding:** \$177,335  
**County Match:** \$44,706

**Grant Period: Begin Date:** July 1, 2003  
**End Date:** June 30, 2005

**Number of Personnel Hired Under This Grant:** 2.79 (34 THP staff salaries are prorated over 10 HUD Grants).

**Full Time:** 2.79.  
**Part Time:** None.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program?  
Yes X  
No \_\_\_\_\_

Will all personnel hired for this program be placed on temporary ("N") items?  
Yes \_\_\_\_\_  
No X

Is the County obligated to continue this program after the grant expires?  
Yes \_\_\_\_\_  
No X

If the County is not obligated to continue this program after the grant expires, the Department will:

a.) Absorb the program cost without reducing other services  
Yes A  
No \_\_\_\_\_



b.) Identify other revenue sources (describe below)

Solicit other grant and private foundation funds.

Yes X

No \_\_\_\_\_

c.) Eliminate or reduce, as appropriate, positions/program costs funded by the grant.

Yes X

No \_\_\_\_\_

**Impact of additional personnel on existing space:**

NA

**Other requirements not mentioned above:**

**\*There is no stated deadline for acceptance of this grant ; however, the first draw-down must occur before September 2004 or the grant funding will be lost.**



DAVID SANDERS, Ph.D., Director

Department of Children and Family Services